



Routledge Frontiers of Political Economy

VALUE, MONEY AND CAPITAL

THE CRITIQUE OF POLITICAL ECONOMY AND CONTEMPORARY CAPITALISM

Guido Starosta, Gastón Caligaris, and
Alejandro Fitzsimons



Value, Money and Capital

The book presents a high-impact re-reading of core topics in the Marx and Marxist debates including: value theory, the commodity nature of money, complex or skilled labour, the determination of the value of labour-power and the nature of extraordinary surplus value. Drawing on this literature, the book provides original and innovative insights into key controversies in contemporary capitalism such as the increasingly intellectual character of commodity-producing labour, the emergence of global value chains, the relevance of ground-rent bearing commodities, and the specific, uneven developmental dynamics of “resource-rich” countries in the global process of capital accumulation.

Contributing to the renewed vitality of critical studies of the economic works of Karl Marx, this book will be essential reading for all those interested in contemporary debates within Marxism, as well as readers of political economy, economics, development studies and economic sociology.

Guido Starosta is a Professor in the History of Economic Thought at the National University of Quilmes (UNQ) and a member of the National Council of Scientific and Technical Research (CONICET) and of the Centre for Science as Practical Criticism (CICP), in Argentina. His research interests are in the critique of political economy and political economy of development. He is currently investigating economic and political forms of the accumulation of capital in Argentina. He also works on issues of method and subjectivity in the Marxian critique of political economy.

Gastón Caligaris is a Lecturer in the History of Economic Thought at the National University of Quilmes (UNQ) and a member of the National Council of Scientific and Technical Research (CONICET) and of the Centre for Science as Practical Criticism (CICP), in Argentina. His research interests are in agrarian production and the relationship between economy and politics in contemporary Argentine society. Other research interests include dialectical method and value theory in the Marxian critique of political economy.

Alejandro Fitzsimons is a Lecturer in Argentine Economic History at the National University of Buenos Aires (UBA) and a member of the National Council of

Scientific and Technical Research (CONICET) and of the Centre for Science as Practical Criticism (CICP), in Argentina. His most recent research examines the forms of valorisation of capital in the industrial sector, with a regional focus on Latin America. His other research interests include the economic dynamics of capital accumulation in Argentina and general topics of the Marxian critique of political economy.



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The Critique of Political Economy
and Contemporary Capitalism

**Guido Starosta, Gastón Caligaris,
and Alejandro Fitzsimons**

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We would like to dedicate this book to our teacher Juan Iñigo Carrera. Our intellectual debt to him is vast; significantly, we learnt from him that a radically-transformative action organised through objective knowledge is not only possible, but actually necessary.

In memory of Luis Denari, co-founder of the CICP who unflaggingly strived for a fully-conscious revolutionary action.



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Introduction

The last decades have witnessed a renewed interest in Marx's economic works, with a specific focus on the re-examination of their substantive and methodological foundations. In a nutshell, one could say that these novel readings involved a drastic change of angle on the fundamental issues addressed by Marxist political economy *vis-à-vis* those that had prevailed during the greater part of the 20th century. On the one hand, whilst the latter readings had tended one-sidedly and more narrowly to focus on the exploitation of wage-workers by the capitalist class, the new approaches have broadened the view in order also to critically stress the fetishism involved in the constitution of *value* as a historically-specific *social form* assumed by the product of labour.¹ In other words, the main object of critique came to be the historically-specific alienated forms of social mediation in the capitalist mode of production. On the other hand, Marx's critique of political economy was no longer seen as a ready-made, completed theoretical system which only had to be applied to the analysis of contemporary capitalism. Instead, these new readings tended to see it as a conceptual apparatus that should be subject to a *systematic critical reconstruction* and which, in addition, demanded that specific aspects were further developed in a *methodologically-minded* rigorous fashion. Furthermore, some innovative research started to emerge which examined a variety of characteristic features of contemporary capitalism on these novel theoretical and methodological foundations. This showed not only the revitalised scientific potentialities of the Marxian critique of political economy for the comprehension of current affairs but also allowed the critical engagement with other approaches to political economy.

This book will be part and parcel of this wide-ranging resurgence of research in critical Marxist theory, both with regard to the re-examination of its general methodological underpinnings and to the inquiry into the contemporary configuration of the capitalist mode of production. More specifically, we will offer an alternative approach that builds on innovative scholarship that has emerged in the last 20–25 years under the auspices of the Centre for Research as Practical Criticism, based in Buenos Aires, Argentina, and especially the work of the independent scholar Juan Iñigo Carrera. This work, which is only just recently beginning to appear in Anglophone literatures – in part, because it has been developed outside of formal academic structures and networks – represents a thorough re-examination

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of Marx's inquiry into the value-form and its dialectical-methodical foundations (Iñigo Carrera 2006; 2013a; 2013b; 2014a; 2014b; 2016; 2021).

This alternative reading of Marx does not simply deal with 'minutiae' but has crucial implications for understanding capitalist society. In stressing the specificity of private labour as the foundation of the historical character of the capitalist mode of production, this approach enables us to uncover how the process of human metabolism is characterised by an automatism subject to laws, whose motion obviously takes shape through the conscious action of individuals, but whose general unity is unconsciously established 'behind their backs' (Starosta 2016a; 2017a; 2017b; 2022). The 'law of value' is the succinct term that refers to the unity of the determinate forms of movement assumed by this alienated mode of existence of social life in all its concrete complexity.

The first three chapters of the book start out with a re-consideration of the simplest economic determinations of the capitalist mode of production, i.e. value and money, against the backdrop of contemporary Marxist debates on the subject. Chapter 1 thus addresses the debate over the materiality and social form of abstract labour as the substance of value and argues that the vast majority of the literature fails to grasp the contradictory unity between the 'transhistorical' physiological quality of abstract labour and its historically-unique socially-mediating function. The chapter also fleshes out an alternative view through a detailed reconstruction of Marx's argument in the first chapter of *Capital*. Succinctly put, we maintain that **the historical specificity of value-producing labour does not reside in its abstract character but in the private organisation of its immanent social character, which lies at the basis of abstract labour's historically-specific role.**

For its part, Chapter 2 addresses the other major issue which has captured the focus of the contemporary rethinking of the fundamental categories of the critique of political economy, namely: the respective roles of production and circulation in the determination of value as a historically-specific social form. Thus, the second chapter takes issue with the different contemporary variants of the so-called 'circulationist' perspective, whether the more 'extreme' version or the more nuanced views which are at pains to give the sphere of production its due place in the constitution of value as a social form. Moreover, this chapter critically discusses those production-centred alternatives which emphatically reject both the circulationist approach and the asocial stance of value characteristic of the old Ricardian reading. However, we show that these latter views also fail to offer what we think is needed: a rigorous production-centred and non-naturalistic grasp of the value-determinations.

Finally, Chapter 3 provides a methodologically-minded discussion of Marx's account of the genesis of money in the first two chapters of *Capital*. More specifically, it focuses on the connection between systematic development and historical explanation in the dialectical exposition. After reviewing the limitation of the way in which much of the literature articulates these two moments of the investigation, we argue that the explanation of the genesis of money in the exchange of commodities must be provided in fundamentally *systematic* terms. However, in contradistinction to the so-called 'New Dialectics' literature, we submit that historical explanation

plays a necessary role in Marx's dialectical exposition in *Capital*. In fact, we show that the account of the crystallisation of the money – form precisely is one of those points 'where historical investigation must enter in'. The key issue, however, is to be clear *why* and *how* the historical mode of explanation must enter the stage.

Based on this rethinking of the general foundations of the critique of political economy, i.e. so-called 'value-theory', the book turns to re-examine an additional series of longstanding controversies among Marxists. Although all these issues deal with more concrete determinations of the capitalist mode of production, they remain at a relatively high level of abstraction and are, in this sense, largely 'theoretical'. They include: the connection between complex labour and value-production (i.e. the reduction of skilled to simple labour) in Chapter 4, several questions around the determinations of the value of labour-power (in particular, the so-called 'historical and moral element') in Chapter 5 and, finally, the nature and source of extra surplus value from innovation in Chapter 6. Various threads hold all these issues together.

In the first place, some of them are problematics which have persisted largely unresolved, yet inexplicably left behind by contemporary Marx scholars, such as the question of the nexus between complex labour and value-production. Secondly and even more curiously, others have remained even *unstated* among Marxists. In the latter case, it is nevertheless possible to find them lurking behind *other* better-known theoretical disputes. For instance, the mechanisms which underlie the flow of extra surplus value into the pockets of capitals operating with above-average productivity of labour have been at stake in many classic debates, such as those over ground-rent, international unequal exchange, the transformation of values into prices of production. Moreover, it is even possible to discern starkly conflicting interpretations about the determinations behind the extraordinary surplus value. Yet, the issue has not been even consciously acknowledged by scholars as being under dispute and, consequently, has not captured the attention which, we think, it deserves for its own sake. Alternatively, as in the case of the determination of the value of labour-power, the question has endured somehow 'muted' by an implicit consensus over an overwhelmingly dominant 'received wisdom' that can be traced back to very early debates among classical Marxists. It has somehow cropped to the surface again recently, but only very timidly and in a derivative fashion within other debates (the so-called 'New Solution' to the transformation problem or those on domestic labour and social reproduction). Finally, in all these cases Marx's own textual legacy on these issues is either ambiguous or simply incomplete and underdeveloped. In this context, the book endeavours to unearth and reconstruct these subterranean controversies whilst offering original insights into the resolution of longstanding gaps in the systematic architecture of the Marxian critique of political economy. In addition, the rigorous resolution of these issues shall prove of utmost importance as intermediate steps which are necessary to address the set of more concrete economic phenomena whose investigation animates the second part of the book.

Two main substantive implications for the analysis of the concrete forms of contemporary capitalism derive from this reading of the Marxian critique of

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political economy. In the first place, class struggle and state policies are not to be conceived of as independent, self-subsisting factors that externally modify or influence the workings of the law of value. Instead, they need to be grasped as necessary modes of motion through which the law of value further unfolds beyond the strictly economic forms immediately springing from the indirect nature of the social relations of capitalist production (Starosta 2016a; Starosta and Fitzsimons 2018). In the second place, the course and potentialities of capitalist development in each national space should be viewed as the immanent outcome of the *essentially global* unfolding of the ‘law of value’. In other words, they must be grounded in the constitution and dynamics of the changing constellation of international division of labour, which in turn results from *the underlying unity of the self-valorisation of value on a world scale* (Caligaris 2016; Charnock and Starosta 2018; Fitzsimons and Starosta 2018; Starosta 2016b; 2019). As will become evident throughout this book, this idiosyncratic perspective on capital as an intrinsically global alienated social relation, specifically differentiated into an *economic content* and *political forms*, offers a more consistent and insightful articulation between Marx’s critique of political economy and the analysis of several features of contemporary capitalist society.

Thus, by deciphering the national forms taken by the general content of a historically-specific mode of the reproduction of total (worldwide) society on the basis of the fragmentation of the productive subjectivity of the international working class, and through the development of the automation of large-scale industry within the international division of labour, this approach is able to advance a substantive alternative explanation of the inner relation between global capital accumulation and nationally-uneven development on a world scale. More specifically, those insights will be deployed in the second part of the book with a view to critically scrutinising several phenomena which have been at the centre of both longstanding and more recent scholarly debates over the changing nature of global capitalism, among them: the growing centrality of the cognitive dimension of labour and its implications for value-production (Chapter 7); the constitution and dynamics of global commodity chains in particular branches of the social division of labour (Chapter 8); the development of capitalism in ‘resource-rich’ countries, whose longstanding historical role in the world market has been to produce ground-rent-bearing commodities (Chapter 9) and the social foundations for the limited potentialities of capitalist development in Latin American countries (Chapter 10). In all these cases, we hope to show that this novel perspective carries with it important and hitherto unacknowledged implications for the study of capitalist society and its historical transformations. Moreover, it involves conclusions that contrast sharply with dominant orthodox and critical theories of global capitalism. Thus, after critically examining the flaws that we find in those literatures, the book shall attempt to demonstrate that those very same features of contemporary capitalism can be elucidated through the unfolding of the specific categories of the critique of political economy as developed in *Capital*, albeit certainly beyond the letter of Marx’s texts. As these chapters will hopefully also throw into relief, a key dimension in this alternative explanation of those features of contemporary

capitalism lies in the rigorous comprehension of the *methodological* specificity of the Marxian critique of political economy.

Indeed, what we propose is a perspective that seeks to avoid any kind of dualism, exteriority, or ‘gap’ between so-called ‘theory’, on the one hand, and the historical development of concrete ‘empirical’ forms, on the other. In this sense, our approach stands out for its stress on the internal unity between the *content* and *form* of the determinations which constitute its object of research. This form of inquiry not only provides a powerful tool for the systematic critical reconstruction of the ‘categorical architecture’ of Marx’s *Capital* but also offers an illuminating method for the investigation both of aspects which Marx himself did not address or left underdeveloped and of novel concrete phenomena engendered by the historical development of capitalism beyond those that Marx witnessed during his lifetime.

In this sense, this methodological perspective can help overcome the pitfalls of the antinomy that, in our view, characterises a great deal of current economic studies of contemporary society, namely, that between superficial and descriptive empiricism which ‘relies [...] on the mere semblance as opposed to the law which regulates and determines the phenomena’ (Marx 1976, 421–22), on the one hand; and the ‘violent abstraction’ of approaches that attempt to pierce through immediate appearances in order to discover the inner ‘law’ that regulates concrete phenomena, but that get bogged down in formal questions of the logical consistency of theoretical constructs, which stand in stark contradiction with the immediate appearance of those phenomena that such theories are meant to explain. By contrast, we take cue from Marx’s methodological remarks in the pages just quoted. The key to avoiding this ‘apparent contradiction’ resides in the systematic critical reconstruction of ‘the many intermediate terms’ that immanently connect the more abstract and general determinations of phenomena, with the immediate form in which the latter manifest in the ‘empirical reality’ of contemporary capitalism in all its richness and complexity. In addition, it involves the recognition that those more abstract determinations of capitalist society that Marx presented in *Capital* are not simply subjective or merely ideal constructs that help ‘organise’ a given empirical content obtained through direct observation or data collection, but are objective aspects that constitute social reality itself.

In sum, we firmly believe that, taken together, these substantive and methodological features of our reading of Marx entail an innovative perspective within contemporary Marxist debates. On this basis, we hope that the book sparks stimulating theoretical and methodological discussions in the critique of political economy, and therefore opens new avenues for further critical research on contemporary capitalism.

Note

- 1 Throughout this book, we shall use the expression ‘value-form’ to refer to value as the social form of the product of labour. This is also the case in formulations such as ‘the social form of value assumed by the product of labour’. By contrast, we shall use ‘the form of value’ to refer to exchange-value as the necessary form of appearance of value.

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1 The determinations of value as historically-specific social form

Part I: materiality and social form of abstract labour

Introduction

Contemporary Marxian scholarship on *Capital* revolves around the consolidation and refinement of certain themes and perspectives whose origins can be traced back to the late 1970s and early 1980s. These debates around Marx's intellectual legacy have entailed both a methodological and substantive re-examination of his major scientific work. The guiding thread of this reconsideration of the Marxian critique of political economy was the critical reaction against what was seen as the (mis)reading of his 'economic' works along Ricardian and/or Left-Keynesian lines throughout most of the 20th century until the 1970s (as epitomised in the classic texts by Dobb 1968; Meek 1973; Robinson 1969; Sweezy 1970). In contrast to what De Vroey (1982) aptly labelled 'technological' reading to refer to the old orthodoxy, this reappraisal of Marx's theory entailed a renewed emphasis on the historical specificity of capitalist social forms (Murray 2016, 120–55). Although this has led to a wide-ranging rethinking of the structure of Marx's *Capital* as a whole, a great bulk of the discussion has been devoted to shed new light on the simpler determinations of capitalist society and therefore has focused on value, abstract labour and money. The central question was no longer to reduce prices to quantities of labour but, taking cue from Marx's remark in the section on the fetishism of commodities, to comprehend why in capitalist society that content (labour) takes on the social form of value, money and, eventually, capital. In other words, for most of these new readings, Marx's *Capital* was not to be interpreted as a treatise on 'economic theory' but as a critical investigation of the historically-specific reified forms of social mediation of capitalist society. However, beyond this common ground, the reaction to the old Ricardian-Marxist orthodoxy has been very varied and has resulted in the emergence of a great diversity of perspectives on the determinations of value as a social form.¹

First and foremost, the reappraisal of value as social form has been intimately connected with a rethinking of the nature of abstract labour. The more or less explicit reasoning is deceptively simple: if value is a historically-specific social form, so must be its substance. Against this backdrop, one of the main issues at stake has been the precise sense in which abstract labour should be understood as a capitalist phenomenon. Also, this raised the question of the level of abstraction at

which abstract labour should be more adequately conceptualised; whether it should be treated as already determined at the level of the commodity-form (Murray 2016, 443–64; Smith 2006), or whether it can be fully grasped only from its mode of existence as work exploited by (or subsumed to) capital (Arthur 2001; De Angelis 1996), or whether the process of abstraction should be grasped as fully posited through the process of capitalist reproduction as a whole (Robles Báez 2004).

This debate also ramified into the related issue of the respective roles of production and exchange in the determination of abstract labour and value. At one end of the spectrum, one can find what some critical commentators have labelled the ‘circulationist approach’ (Mavroudeas 2004), for which abstract labour and value can only acquire objective reality through the exchange of products against money on the market (De Vroey 1982; Eldred and Hanlon 1981; Himmelweit and Mohun 1978; Kay 1999; Reuten 1993; Roberts 2004; Williams 1992). However, certain limitations of the ‘circulationist’ approach did not remain unnoticed by other scholars and served as the basis for further theoretical developments. The challenge for these alternatives was how to avoid both the ‘technological’ reading of the value-determinations and the antinomies which arose from seeing value as existing only within circulation. A new variety of approaches emerged which, in their own idiosyncratic way, tried to re-establish the connection between value and the immediate process of production, whilst still seeing the former as a specific social form (Brown 2008; De Angelis 2004; Likitkijssomboon 1995; Mavroudeas 2004; McGlone and Kliman 2004; Postone 1996; Saad-Filho 2002). Finally, some authors seem to offer a middle ground between ‘circulationism’ and ‘production-centred’ value theories, in which exchange provides a necessary first moment in the process of social constitution of value that becomes fully grounded when capital sinks into production (Arthur 2001; Bellofiore 2009).

In Chapters 1 and 2 of this book, we subsequently and respectively address these two strands of the Marxist debate. In the present one, we firstly focus on the nature of abstract labour. Based on a critical overview of the main literature, we submit that it fails to grasp the contradictory nexus between materiality and social form of the substance of value. We subsequently flesh out our own alternative view through a detailed reconstruction of Marx’s argument in *Capital*. Succinctly put, we argue that the historical specificity of value-producing labour does not reside in its abstract character but in the private organisation of its immanent social character, which imprints upon the ‘transhistorical’ material quality of abstract labour a historically-unique socially-mediating role.

‘Rubin’s dilemma’ and the Marxist debate on abstract labour

Situating the contemporary literature on abstract labour

The contemporary debate on abstract labour has been heavily marked by the publication of the English translation of Rubin’s *Essays on Marx’s Theory of Value* in 1972. The relevance of this work was that it had also appeared in an intellectual context dominated by ‘Ricardian’ (mis)readings of Marx’s thought. This is

why it became imperative for Rubin to emphasise the importance of the notion of *historically-specific social form* as the distinguishing mark of Marx's *Capital*.

Rubin, therefore, was at pains to shed light on value as a specifically-capitalist social phenomenon. But, according to one of the main arguments of his *Essays*, the same should be concluded about abstract labour, which constitutes value's substance. In this sense, Rubin (1972, 135) considered that it was quite simply impossible to see abstract labour as a sheer physiological expenditure of labour-power and, at the same time, grasp value as historically-specific. At this point, his train of thought thus confronted what Patrick Murray (2016, 431) eloquently called 'Rubin's dilemma': there was an inescapable need to choose between a 'generally applicable concept of abstract labor', as more or less explicitly 'Ricardian' readings of Marx's works did, and the idea that abstract labour must be a 'labor of a specific social sort'.

At first sight, the terms of this dilemma seem to make sense. However, as Rubin (1972, 135–36) himself acknowledged, the textual evidence from Marx's works was hard to reconcile with his own position concerning this dilemma. Despite these exegetical difficulties, the reception of his work among Marxists during the 1970s uncritically accepted the terms of 'Rubin's dilemma'. Thus, among the overwhelming majority of those who attempted to break with the Ricardian 'received wisdom', most intellectual efforts were geared towards clarifying the precise sense in which abstract labour should be grasped as a purely social and historically-specific phenomenon.²

In broad outline, it is possible to discern three different ways in which the specialised literature has addressed this *problématique*. The first one is direct heir to the solution proposed by Rubin himself, albeit read in a one-sided 'circulationist' manner (Eldred and Hanlon 1981; Heinrich 2021; Reuten 1993). Succinctly put, this perspective argues that it is the act of exchange of the products of labour for money, i.e. the effective relation that they establish *after* the production process has been completed, which equalises use-values as values and, through this mediation, transforms private, concrete individual labours into social, abstract and socially necessary labours. In other words, abstract labour is conceived of as concrete labour equalised through the act of exchange between ordinary commodities and money. As we shall see in more detail in a subsequent section, one of the problems of this view is that Marx's analysis of the substance of value clearly shows that it is not abstract labour in act, but its objectification that is specifically represented as the value of the commodity. This might seem an obvious point, but it is clearly overlooked by this train of thought, which claims that value and abstract labour are not presupposed by the actual exchange of commodities but come into being through it. And this is something rather difficult given that the exchange of commodities does not entail any process of material production. And the latter is the only moment at which (productive) labour properly can exist; at least according to any meaningful definition of it. At the moment of exchange, abstract labour is already materialised so it can hardly come into existence then.

A second current that views abstract labour as a capitalist social form grounds its historical specificity in the alienated character that it takes once the production

process is subsumed under the command of capital. Abstract labour is thus grasped as wage-labour which, by virtue of its subsumption under capital, results in a socially-imposed abstraction ‘from the lived experience of the workers’ (De Angelis 1995, 110) or ‘from concrete human circumstances and purposes’ (Bonefeld 2010, 262). It is, in other words, ‘alienated labour’ (Kliman 2011, 182). As pointed out elsewhere, some versions of this approach (cf. De Angelis 1995 in particular) thus quite simply fail to distinguish between wage-labour under the command of capital and any other mode of human labour subjected to exploitation. Paradoxically, the alleged historical specificity of abstract labour fades away. In effect, the abstraction from the life experience, desires and purposes of the producers is also applicable to the social determinations of the slave and serf (Kicillof and Starosta 2007a). More importantly, all the versions of this general argument share the same formal-methodological problem in the structure of their reasoning. More concretely, if the explanation of value requires the category of abstract labour and, in turn, the latter entails the unfolding of the capital-form as its own prerequisite, it is unclear how self-valorising value (i.e. capital) can be explained *without* the prior account of the determination of value.

Lastly, a third stream adds some complexity to the matter. These authors re-introduce the notion of a ‘physiological’ sense in which all labours are equal without relinquishing the idea of abstract labour as the historically-specific form which is value-producing. The common argumentative strategy usually revolves around the doubling of abstract labour into more than one ‘category’ or, alternatively, assigning it diverse meanings depending on the context of the Marxian exposition at stake. Thus, the transhistorical determination of abstract labour as a physiological expenditure of labour-power is usually maintained for the initial analytical stage in which it is discovered as the content behind the exchange relation, whilst it is depicted as a historically-specific social form when it is considered as the substance of fetishised social relations. For instance, some scholars distinguish between abstract labour as the material remainder resulting from the abstraction of the particular useful character of labour, and ‘social abstract labour’ (Robles Báez 2014, 295) or ‘practically abstract labour’ (Murray 2016, 124) when referring to a form of social mediation, i.e. as socially-validated individual labour by means of the exchange between commodities and money. ‘Physiological’ abstract labour is thereby conceived of as an ‘analytical category’ or ‘dialectical presupposition’ which is conceptually necessary to present the ‘truly social’ historically-specific concept of abstract labour (Murray 2016, 125; Robles Báez 2014, 295).

Now, our main reservation against this latter perspective is that it essentially replicates Rubin’s own solution (1972, 139), which consisted of the introduction of a varied spectrum of ‘intermediate categories’ to refer to the *different social roles* of the *same* real phenomenon. The only difference would be that these authors would preserve the *term* abstract labour as a differently-predicated constant in the different categories, which seemingly allows them to remain more faithful to the letter of Marx’s texts and avoid ‘Rubin’s dilemma’. However, as shall be discussed in the following chapter, this merely is a formal way of sidestepping that thorny issue, which eventually and inevitably ends up relapsing into problematic circulationist

tropes concerning the determination of value. On the other hand, we think that the extrinsic introduction of categories in the systematic-dialectical investigation has serious methodological consequences for the critique of political economy (Kicillof and Starosta 2007b). For, in stopping short ‘at the fixed determinacy and its distinctness *vis-à-vis* other determinacies’ (Hegel 1999, 125), science becomes impotent to comprehend the movement of contradiction – the inner negativity – that constitutes the immanent unity between the different determinations of real forms. In other words, the way to avoid the abstract identity between material and social determinations of value-producing labour characteristic of Ricardian interpretations is not to replace it with an abstract difference.

The Wertkritik’s idiosyncratic solution to ‘Rubin’s dilemma’

Against this backdrop, the approach of the so-called German *Wertkritik* stands out for developing a reading of Marx which perhaps offers the sharpest contemporary challenge to Rubin’s dilemma. It is worth starting with the assessment of the work of Robert Kurz, who was a leading figure of this current, and who developed an in-depth critical discussion of the nature of abstract labour in his book entitled *The Substance of Capital*. In our view, one of the main merits of this approach is that it resolutely acknowledges ‘the material character of the substance of abstract labour’ as a sheer ‘expenditure of human brain, nerves, muscles’ (Kurz 2016, 29). However, unlike the naturalism of Ricardian readings, Kurz emphatically insists that value is a *purely social fetishised ‘representation’* of this ‘actual physical substance’ which, ‘however, has nothing physical about it’ (31). Therefore, one could argue that by distinguishing between the materiality of abstract labour as physiological expenditure of human corporeality and its purely social representation as value, Kurz manages to break with the unmediated connection between abstract labour and value which underpinned Rubin’s dilemma. Unfortunately, this is not the implication that he draws from his own analysis. Instead, still caught in the web of Rubin’s dilemma, he goes to great lengths to find a way to maintain that abstract labour must still be a capitalist phenomenon after all.

Kurz (2016, 24) starts by throwing into relief that only in capitalist society does human productive activity involve the practical abstraction from the concrete form of labour and its reduction to a physiological expenditure of energy. Whilst that phenomenon of a ‘real abstraction’ might be true enough, it should be noted that it alone has no way of turning the physical ‘combustion of energy’ into an exclusively capitalist phenomenon. However, instead of acknowledging this at this point, Kurz actually raises the stakes and postulates that ‘labour’ as such, and not simply abstract labour, as other Marxists would have it, is a historically-specific social form.

His argument is that since ‘in the name of the social form determination (value) [...] the concrete activity, cabinet making, here counts practically as “labour”, as mere expression of the expenditure of human energy as such’ (Kurz 2016, 87–88), the capitalist social life process not only entails the ‘practical doubling’ of the concrete and abstract materiality of human productive activity into a two-fold

social character; in addition, ‘the former is subordinated to the latter’ (88), so that concrete labour becomes ‘the mere form of appearance of abstract labour’ (89). On the other hand, Kurz’s argument goes on, this abstraction from the useful properties of the different productive activities means that abstraction is made from all other social purposes other than the setting into motion of material production as such. Labour, which is rendered by Kurz as just ‘one kind’ of human activity among others, is thereby conceived of as ‘a space “disembedded” from the total life process’ (89); it becomes ‘the self-mediation of substance and consequently the end in itself and self-aggregation in the value-form’ (21). Seen in this light, Kurz concludes, ‘strictly speaking the term “abstract labour” is a logical pleonasm (like “black darkness”) since the attribute is already contained in the concept; “labour” being already an abstraction’ (27). As a matter of fact, Kurz even submits that only under these social circumstances does the ‘conceptual nominal abstraction “labour” as the concept of a social universality’ make any rational ‘sense at all’ (88). In this manner, Kurz considers that he has successfully resolved ‘Rubin’s dilemma’: grasped as a socially ‘autonomised’ and self-mediating productive ‘combustion of human energy’, abstract labour results *both* a physical substance *and* a historically-specific social form.

Now, it seems to us that this latter broader ramification of Kurz’s argument, which resignifies ‘labour’ as such as historically-specific, is highly polemic and begs many questions about the determination of the human species-being and the content which gives unity to its historical development (Starosta 2022). Nevertheless, Kurz (2016, 24) does not probe deeper into the question and just dismisses it through the hyperbolic remark that Marx remained ‘stuck in the Protestant-Enlightenment ontology of labor’. On the other hand, one could still consider that his essential point comes down to the narrower question of the formal imputation of historical specificity to abstract labour, which does not have major consequences. In effect, at a more substantive level, Kurz in the end would be, albeit in a rather convoluted way, just correctly acknowledging that value is the purely social representation of the physiological expenditure of labour-power.

Yet, the conception of ‘labour’ as an exclusively capitalist phenomenon is not harmless for the comprehension of value as a reified social relation. First and foremost, this means that Kurz misses the whole point of the social form of value adopted by the products of labour, which is to be a historical mode taken by the organisation of the immanent material unity of individual labours as differentiated organs of social labour. Consequently, he fails *explicitly* to ask, at the appropriate ‘level of abstraction’, the question that political economy ‘never once asked’, namely: ‘why this content has assumed that particular form, that is to say, why labour is expressed value’ (Marx 1976a, 174). On this score, Kurz (2016, 31) does not go beyond indicating that the value representation is explained by the fact that abstract labour ‘cannot really be separated from the concrete form’ and ‘cannot be literally contained in the objects’. But this still begs the question of precisely *why* the objectification of the abstract character of labour needs a distinctive representation as a social property of the product. Whilst Marx responds to this question in the first chapter of *Capital*, Kurz locates his answer only at the systematic stage of the capital-form, when he explicitly addresses the *foundation* of the social process of

scission of abstract labour from its irreducible material inseparability from concrete labour. More specifically, the socially-determined separation of the materiality of abstract labour occurs because ‘for the “automatic subject” of the process of self-expanding value it is completely inessential whether trousers or hand-grenades are manufactured; all that is essential is that *bodily human combustion processes* (expenditure of energy) take place’ (30). As should be evident against the backdrop of the previous section, insofar as it needs the capital-form (i.e. self-valorising *value*) to explain the social constitution of value itself, this is a fundamentally circular argument.

This weakness carries over into Kurz’s discussion of the *magnitude* of value. Specifically, the implication is that the *quantum* of value which is objectified in each individual commodity is not seen as determined at the effective moment of the privately-performed material exertion of abstract labour, albeit socially counting only as an aliquot part of the total labour-power of society (Marx 1976a, 129). Instead, he submits that it is circulation that ‘measures the socially valid quantity of this already present value-objectivity’ and ‘establishes how large the value-objectivity is’, although it ‘does not manufacture it’ (Kurz 2016, 198). What is more, so much does Kurz reduce the necessity of value to a merely ‘instrumental’ need for a socially-separable representation of a materially-inseparable substance, that he maintains that use-values acquire the social form of value even if their *salto mortale* as commodities ‘fails to take place’, with ‘the value character of the commodity’ manifested ‘in its senseless disposal instead of consumption’ (78). However, as we discuss both in the next section and the following chapter, insofar as what is at stake in value-production is the organisation of the immanent *social* character of individual labour, the products of labour cannot have value if they are not *social* use-values. Yet their ‘senseless disposal’ only proves that they were not determined as such from the very outset of the respective cycle of social metabolism, i.e. at the time of their production.

Now, some of these problematic issues with Kurz’s approach have been somehow addressed in the more systematic and rigorous Marx exegesis of ‘second-generation’ *Wertkritik* author Anselm Jappe. Particularly in his commentary on chapter 1 of *Capital*, Jappe (2003) seemingly parts company with Kurz in his explicit acknowledgement that Marx’s argument hangs on the fact that the primordial general social process that all societies need to undertake is the organisation of individual labours as materially interdependent organs of social labour. Consequently, this dovetails with Jappe’s recognition that the historicity of capitalism derives from the specific form in which it resolves this process (50ff.). What is more, unlike Kurz, Jappe does throw into relief that this specificity is defined by the private character of social labour. Thus, he states that Marx is very clear that ‘the fact [...] that labour is represented in value, does not constitute an original datum’ but is ‘a consequence of a determinate mode of socialisation [...] based on the labour of separate private producers’ (58).

Unfortunately, this reworking of the *Wertkritik* perspective is still not profound enough to avoid lapsing into Rubin’s dilemma. Thus, after recognising abstract labour as the ‘sheer expenditure of labour-time, without regard to the specific form of its expenditure’ (Jappe 2003, 31), just a few paragraphs later Jappe states that

there is nothing ‘material and concrete’ about abstract labour; just like value, it is ‘purely social’ (33). Moreover, the reason for this latter conclusion is exactly the same as the one adduced by Rubin, namely, that grasping abstract labour as a ‘purely physiological fact’ would lead, as happened with Smith and Ricardo, to think that labour is value-producing ‘independently of all social determination and existing in all societies’ (43). In the end, it turns out that ‘the particularity of commodity production’ no longer resides in private labour but ‘in the fact that [...] a non-specific, transhistorical property is transformed into a historically-specific mode of sociality’ (54–55). Jappe, therefore, ends up confounding the essential defining feature of capitalist society, i.e. the private organisation of the general unity of social labour, with its necessary yet *mediating consequence*: the abstraction from the concrete useful form in which that private expenditure of social labour has been realised.

At this juncture, and probably as a result of his inability successfully to tackle Rubin’s dilemma, Jappe (2003, 119) cannot help falling back into Kurz’s flawed solution, whereby “‘labour’ itself is a historical phenomenon’ insofar as a ‘definite mode of activity is – spatially and temporally – torn asunder from the rest of the full field of human activities’. The initial acknowledgement that the primordial social process in any society consists of the organisation of the allocation of the total available labour-power into its different concrete forms is suddenly put to one side. And such an idea, which Jappe concedes is Marx’s own, is now relegated to yet another expression of the latter’s lapse into an ‘ontology of labour’ resulting from his ‘bourgeois legacy’ (121). Instead, Jappe argues that ‘only in capitalist society [...] does labour exist in an autonomous and separate sphere *vis-à-vis* other activities’ and therefore becomes ‘its own principle of organisation’ and ‘the reason to be of society’, whereas in prior societies material production was ‘at the service of a given social order’ (126).

As argued elsewhere concerning a similar argument by Postone (Starosta 2022), the very choice of terms in these formulations (‘at the service of a social order’, ‘[dis]embeddedness’, ‘social context’) betrays the irreducible externality in the relation that these authors end up positing between labouring ‘activities’, which become consequently represented as a sheer material process lacking in immanent social content and, on the other side, ‘overt social relations’, whose inner purpose and general unity (i.e. their ‘*raison d’être*’) is never *positively* spelt out (they are only *negatively* defined as not grounded in labour), but which are nonetheless said to impose, from such exteriority, their (self-grounded?) meaning and significance to labouring activities and their products.

Abstract labour and value in chapter 1 of *Capital*

The initial unearthing of abstract labour and value through the analysis of the commodity

In the opening paragraph of *Capital*, Marx (1976a, 125) starts with the immediate observation of the form in which social wealth appears ‘*in societies in which*

the capitalist mode of production prevails’, namely, an ‘immense collection of commodities’ (emphasis added), the *individual* commodity being its elementary form. Thus, out of that heap of commodities, Marx picks out a *singular* ‘specimen’ in order to proceed to its investigation, the first phase of which consists in its *dialectical analysis* (Starosta 2016, chapter 4). As Marx himself succinctly puts it in his retrospective methodological remarks in the 1864 manuscript published as ‘Results of the Immediate Process of Production’:

We begin with the commodity, with this specific social form of the product – for it is the foundation and premise of capitalist production. We take the *individual* product in our hand and analyse the formal determinants that it contains as a commodity and which stamp it as a commodity.

(Marx 1976b, 1059, emphasis added)

Note that in this passage Marx is very emphatic that his analysis begins, quite literally, with the individual commodity as such. What is more, although the English rendition as ‘individual commodity’ is not entirely eloquent in this regard, the German original, ‘*einzelne Product*’ (Marx 1988, 30), much more clearly denotes that at stake here is not just the singular but also the *isolated* commodity. Of course, it goes without saying that this is an ‘isolated product’ which is not an abstract mental or logical construct. On the contrary, it is the ‘simplest economic concretum’ (Marx 1975, 199) that has been abstracted, for the purpose of setting the dialectical exposition into motion, from the whole ‘collection of commodities’. The latter certainly is the *yet-to-be-posit*ed real presupposition of the systematic-dialectical presentation. However, as immediate object of the investigation, both that initial collection of commodities and, more specifically, the multiplicity of their mutual exchange relations, will be ‘bracketed out’ until the unfolding of the ‘formal determinants that it contains as a commodity and which stamp it as a commodity’, necessarily drives us to turn our attention to those exchange relations among commodities.

Insofar as the immediate object of the exposition is neither the formal logical analysis of an abstract exchange relation (cf. Böhm-Bawerk 1949) nor the underlying structure of an all-round system of commodity exchange (cf. Rubin 1972, 85), it follows that in the opening pages of chapter 1, Marx is not searching for a common property shared by the world of commodities as the cause of their respective exchange ratios. Rather, his dialectical analysis consists of the search for the specific determination defining the potentiality (i.e. the power, aptitude or capacity) of the commodity as a historical form of social wealth. This potentiality Marx first ‘discovers’ by observing the use-value of the isolated single commodity that constituted the starting point of the presentation, which shows that in capitalist societies such a sensuous corporeal materiality acts as carrier of a second, *historically-specific* attribute of objects of utility; which, in this initial encounter and only provisionally when, ‘flirting with Hegel’, one could say that the exposition is still in the commodity’s ‘sphere of simple immediacy’, Marx refers to as *exchange-value*.³

Here a problem might arise because Marx does not explicitly say what that second attribute of the commodity consists of. He just names it ('exchange-value') and then directly proceeds to its analysis. We think that the reason for this is that the meaning of that attribute was self-evident in the term itself against the backdrop of its everyday usage at that time.⁴ The fact that commodities have 'exchange-value' simply means that they have the *power of exchangeability*, that is, *the aptitude to be transformed into any different use-value without the mediation of any material transformation in its bodily existence* (Iñigo Carrera 2021, 14). It is this wholly *non-natural* power that gives commodities such a mystical character, which nevertheless *all* strands of political economy naturalise, and whose genesis and constitution the *critique* of political economy thereby needs to explain. What immediately follows in Marx's exposition is, then, the *dialectical analysis* of this purely social power of exchangeability of commodities. That is, Marx proceeds to answer what is the source of this specific potentiality intrinsic to the commodity, i.e. what is the more abstract determination or content appearing in the concrete form of the power of exchangeability.

As happens with every phenomenon, the first thing Marx encounters when facing the exchangeability of the commodity is its *immediate manifestation* – the quantitative relation 'in which use-values of one kind exchange for use-values of another' (Marx 1976a, 126). It is just at this point, *once the power of exchangeability had already been found in the 'isolated single commodity'*, that the exposition *circumstantially* turns to examine the exchange relation between commodities. Now, the first step in the analysis of exchangeability is the separation of the *content and form* of that specific attribute of the commodity, this being the only way in which the scientific inquiry can pierce through the concrete form in which a more abstract form (hence a determined *content*) outwardly appears. This analytic distinction between form and content reveals that the multiple *particular* exchange relations that a commodity establishes with other commodities are actually expressions of something else that inheres *in each commodity*, and which entails an identical *qualitative* potentiality of *general* exchangeability in a certain *magnitude*. As a matter of fact, Marx shows that under the real practical premise of universal commodity exchange which constitutes the object of his study, even the examination of a singular exchange relation suffices to throw into relief the necessity for the existence of an identical quality in each commodity as its very condition of possibility. In this sense, Marx is not, as Böhm-Bawerk (1949, 68ff.) would have it, trying *logically to prove the existence of a common property among commodities*, but *the commodity itself*, by virtue of the immediately observable 'empirical fact' that it establishes an exchange relation which can be represented in an equation, shows that it *has* a 'common quality' *immanent* in it.

Once outer form of expression and inner content of the attribute of general exchangeability have been distinguished, Marx continues with the analysis of the latter, which consists, in turn, in separating that power of general exchangeability from the more abstract form whose realised potentiality it carries within itself as its 'other'. In other words, he proceeds to the identification of the *content* of the property of exchangeability, *'independent of their exchange-relationship or from*

the form, in which they appear as exchange-values' (Marx 1976c, 9, emphasis added). Crucially, at this juncture, Marx thereby leaves the analysis of the exchange relation momentarily behind and shifts his focus back onto the commodity.

There are various tricky aspects in this phase of Marx's presentation, which might have contributed to much of the confusion among his readers. First, although by that point of the argument he has already shown that the common 'something' is the form of general exchangeability, he does not actually *name* it until separating it, in turn, from its own content or substance.⁵ That intrinsic social power of general exchangeability which is manifested in exchange-value, and whose material substance consists of the objectification of the abstract character of labour, is called by Marx *value* (1976a, 128).

Second, and consequently, this way of structuring the exposition may have proven insufficiently emphatic in bringing out the distinction between the *physiological materiality* of *objectified abstract labour* and the *purely social objectivity* of its *representation* as the value of the product. This could have facilitated both the naturalistic reduction of the social form of representation to its substance by 'Ricardian' readings and, conversely, the 'dematerialisation' of abstract labour by 'formalistic' overreactions.

Third, this is further compounded by another salient feature of Marx's presentational architecture, which very strictly demarcates the *analysis of the commodity* in section 1 from the *analysis of the labour that produces commodities* in section 2. Thus, in the former, the qualitative differences between the various concrete labours are analytically transcended simply by *leaving aside* or *abstracting from* 'the determinate quality of productive activity' (Marx 1976a, 134). In other words, in the consideration of *objectified* labour, the substance of value is disclosed as 'human labour-power expended *without regard to the form of its expenditure*' (128, emphasis added), i.e. as a 'negative residue'. But the characteristics of that 'which remains' upon the abstraction from use-value and concrete labour are not yet *explicitly* spelt out by Marx at that initial stage. By contrast, in the analysis of commodity-producing labour, hence of labour as *activity*, the exposition progresses to the discovery of the underlying *positive material quality* of the substance of value as 'an expenditure of human labour-power, in a *physiological sense*' (137, emphasis added).⁶ This *two-stage* train of reasoning about abstract labour in Marx's presentation is usually overlooked in most readings, thereby allowing for a spurious contrast between an initial definition allegedly based on a 'socially-forced' abstraction from the irreducibly concrete materiality of labour and a subsequent allegedly 'naturalistic' definition as simple 'productive expenditure of energy'. As we have seen, this is one of the textual sources of the so-called 'Rubin's dilemma'.

Finally, Marx structures his search for the content of value as social form in terms of the *objectified substance* which is represented as the *property* of exchangeability. Thus, at this stage of the analysis, Marx does not bring to the fore the 'value-forming' *activity* of this substance but tends to focus more narrowly on its *result*. In other words, he throws into relief its existence as already 'crystallised' or 'congealed' in the product of labour. As Marx (1976a, 142) himself later puts

it in section 3, at this juncture he is facing labour only in a ‘coagulated state’, in ‘objectified form’, rather than in ‘fluid state’. This presentational strategy might have the merit of rigorously sticking to the analysis of the social form of the *product of labour* without unduly and prematurely overreaching into the analysis of *human labour* as such. However, as Iñigo Carrera (2021, 119ff.) points out, this somehow comes at the cost of not placing sufficient emphasis, from the very initial stages of the systematic exposition of the value, that the latter can only come into existence by being *posited* by some prior *action*. More generally, as Iñigo Carrera goes on, from a materialist perspective all existing attributes or powers of things (be them natural or social) can only come to be as a result of some *action* which bestowed those properties upon the respective objects.

In the specific case of the commodity, insofar as, on the one hand, its social power of exchangeability is *materially* and *individually* borne by its ‘natural form’ as a use-value and, on the other, Marx makes a brief but undisputable case for discarding the action of purely natural forces as the substance of value, this necessarily implies that *the human action that posits value in the commodity must also be the same action that posits its use-value* (Kicillof and Starosta 2007b, 19). On the other hand, it is also evident that the action positing value and use-value cannot be *exactly* the same action, since they are two different attributes of the commodity. Were it the same action in all and every respect, it would not be possible for it to posit the *two* different attributes whose *unity* constitutes the commodity as a historical form of social wealth. Marx (1976a, 132) thus solved this apparent paradox by being ‘the first to point out and examine critically’ that ‘the labour contained in commodities’ is an action which embodies two different aspects or, as Marx puts it, possesses a two-fold character, namely: concrete and abstract labour.⁷

This last point might seem yet another minutia. However, it involves significant implications for the matters under discussion in this chapter. For, to begin with, this clashes head-on with the claim found in much of the literature that abstract labour, as the substance of value, comes into being through the exchange relation. More specifically, this latter perspective renders inexplicable the *two-fold* representation of the labour objectified in the commodity, which, as stated above, can only be posited by two facets of the same human action that produces the materiality of the use-value which acts as a carrier of its value. And insofar as exchange is not the human action that intervenes in the material constitution of the use-value of the commodity, it cannot possibly be the action that posits its value either (Iñigo Carrera 2021, 17; Kicillof and Starosta 2007b, 19).

On the other hand, the fact that concrete and abstract labour must be distinct *aspects* of the same human productive action, whilst the latter cannot just ‘cease to be’ a material phenomenon which, as all actions (whether human or not), involves a process of transformation of energy, necessarily implies that abstract labour must be an irreducible determination of human labour’s ‘physical’ or ‘natural’ existence (Iñigo Carrera 2021, 123). In other words, *ex definitione*, the abstraction from the useful character of labour cannot lead to the sheer wholesale negation of all materiality of human transformative activity upon nature, thus leaving only (non-human) nature as material residue and turning the abstract character of labour into a ‘purely

social reality' as, for instance, Bonefeld (2010, 264) would have it. *Strictu sensu*, the latter view does not even grasp the mutual relationship between concrete and abstract labour as that between distinct *aspects* of human productive action, namely: its universality (*Allgemeinheit*) and its particularity (*Besonderheit*), as Marx (1976a, 169–70) puts it in the section on commodity-fetishism, when contrasting their respective roles in the organisation of the social character of labour in modern society *vis-à-vis* pre-capitalist modes of production. Instead, perspectives such as Bonefeld's conceives of it as an externally-related opposition between concrete labour as material content and abstract labour as its purely social form of existence.⁸

In fact, we have seen that this is one of the strongest points of Kurz's (2016, 210) acute critique of both Rubin and Heinrich (which he even extends to Postone). More concretely, that extremely strict demarcation between the substance of value and 'the natural basis of human life' overlooks that 'the metabolism with nature [...] is in no way external to social forms' (210). Consequently, it ends up caught in antinomic forms of thought that tear asunder the immanent unity between the materiality of human life and its sociality into externally-related 'worlds', 'as if physical human existence had nothing at all to do with their sociality and history, as if it were not *this physical, bodily existence itself that is located in a social and historical form*' (195). Crucially, as argued elsewhere (Kicillof and Starosta 2007b), despite its attempt to avoid ahistorical views of abstract labour and value, this self-proclaimed 'anti-substantialist' train of thought ends up glossing over the very contradictory unity between materiality and social form which is specific to capitalist society, whereby the sheer physiological productive expenditure of human energy acts as the vehicle for the organisation of the unity of social labour. In other words, in this society the immediate process of production of material wealth becomes, at the same time, the production of the objectified capacity effectively to partake in the intrinsically social metabolic process of human beings, namely, value.⁹

As a matter of fact, this is exactly what Marx (1976a, 164), in the fourth section of chapter 1, singles out as *the* phenomenon which gives the product of labour an 'enigmatic character [...] as soon as it assumes the form of a commodity', and on which his *critique* of political economy attempts to cast light (unlike its naturalisation by political economy). He does not state that the source of the commodity's mysticism lies in the fact that the irreducibly concrete materiality of labour becomes coercively-subsumed under, and is thereby extrinsically transformed into, the 'purely social reality' of abstract labour. Instead, after reiterating for the 'nth' time that

however varied the useful kinds of labour, or productive activities, it is a *physiological fact* that they are functions of the human organism, and that each such function, whatever may be its nature or its form, is essentially the expenditure of human brain, nerves, muscles and sense organs,
(164, emphasis added)

he then continues in the next paragraph that what is *mysterious* is that such *plain and obvious* material 'equality of the kinds of human labour takes on a physical form in the equal objectivity of the products of labour as values' (164).

Thus, we think that the analytic search for the specific determinations of the commodity is evidently not fully achieved with the discovery of abstract labour as the substance of value. Quite to the contrary, that very specificity seemed to have slipped through Marx's fingers. In effect, although he found the specific attribute of the commodity in its value, when he moved to account for its substance, he ended up with a substance which bears no specifically-capitalist character, namely: (objectified) abstract labour. Thus far, then, this stage of the analytic process does *not* show *why* this physiological materiality, once objectified in the product, takes on the value-form. It does not even tell us *what* is the historical form of social labour which is determined as value-producing. It *only* tells us *what* is the material content of that which in capitalist society is *socially* represented as the 'value' of the product. This is the reason why Marx still carries on with the analytic search for the '*formal determinants* that it contains as a commodity and which stamp it as a commodity'.¹⁰

From the analysis of the dual character of labour to the synthetic unfolding of the content and form of the value-determinations

This leads Marx's dialectical analysis to give closer scrutiny to the labour that produces commodities. As any attentive reader could tell, the analytic process *continues* and only in the section on the dual character of labour does Marx finally find the historically-specific form of social labour that produces commodities and, hence, value. In effect, Marx observes that the individual commodity he is analysing is only one among many within a totality of different commodities. But the same follows for the particular labours that underlie the varied use-values taking the commodity-form. In other words, Marx (1976c, 12–13) points out that generalised commodity production presupposes the existence of an extended social division of labour and that the latter, as the 'totality of varying deployments of useful labour', is an 'eternal necessity of nature for the sake of mediating the material interchange between man and nature (i.e. human life)'. On the other hand, this analysis also makes clear that the reverse relationship does not hold, that is, the division of labour must not necessarily take the social form of the production of commodities. The formal determination of the commodity must, therefore, spring from the specific social form taken by the organisation of the division of labour in our present-day society. The commodity, Marx (1976a, 132) eventually concludes, is the objectification 'of mutually independent *acts of labour*, performed in isolation' (emphasis added). In other words, it is the fact of being the 'labour of private individuals who work independently of each other' (165), or *private and independent labour* (hereafter, *private labour* for short) that Marx's analysis singles out as the specifically-capitalist mode of existence of human productive activity, and which makes it value-producing.

Marx's analysis of commodity-producing labour then turns to revisit its other facet as abstract labour, which he had already discovered as the objectified substance of the commodity's value. However, as already anticipated, this further examination of abstract labour as '*active substance*' allows Marx (1976a, 134–35)

to probe deeper into its own determination beyond being just a ‘remainder’, and he unequivocally concludes that it is a ‘productive expenditure of human brains, muscles, nerves, hands etc.’ that comprise ‘the *simple* labour-power [...] possessed in his *bodily organism* by every ordinary man’ (emphasis added).¹¹ The *positive* material ‘quality of being human labour’ as such (136) now comes to light as that which forms the substance of value.

Yet this in no way means a lapse into the *abstract naturalism* of Classical political economy. Thus, commodities certainly ‘possess an objective character as values *only in so far* as they are all expressions of an identical social substance, human labour’ (Marx 1976a, 138, emphasis added), but *not simply because of that*. That ‘transhistorical’ aspect of labour becomes such source of the purely social property of general exchangeability of its product by virtue of the *historically-specific* determination which the analysis of the two-fold character of the labour also brought out, namely: the private form of social labour. In sum, value becomes finally laid bare as the social representation of the abstract character of socially necessary, privately-undertaken labour objectified in the product.

The analysis of commodity-producing labour thus completes the answer to the question about the nature and source of the commodity’s specificity that had set the dialectical investigation into motion. However, the latter is far from coming to an end. Now we know *what* makes the product of labour take the form of a commodity. But this still begs another fundamental question which remains unanswered: *why* when social labour is organised through privately-undertaken individual labours, the abstract physiological materiality of labour, insofar as it is expended in socially-useful fashion and in the socially necessary labour-time, must ‘congeal’ in the social form of the value-objectivity of its product? As argued at greater length elsewhere (Starosta 2016, chapter 4), the analytical progress of the systematic-dialectical method proves incapable of offering an answer. At this juncture, Marx’s dialectical exposition thereby reverses course and moves, in section 3, to the *synthetic ideal reproduction* of the unity between content and form of the determinations so far discovered, i.e. to the necessary expression of that more abstract determination in its more concrete form of existence.

More specifically, this synthetic movement consists in unfolding the actualisation of the attribute of exchangeability (i.e. value), which is the potentiality that was analytically uncovered as immanent in the commodity. From then on, the commodity is no longer analytically grasped in its exteriority as an ‘inert’ or ‘lifeless’ object, and the exposition starts to follow its self-movement as the subject of the development of those determinations previously discovered through analysis.

It is as an outcome of this synthetic movement of ideal reproduction of this formal mediation, when seen in unity with its *qualitative content*, that the answer to the questions which the analytic stage was impotent fully to provide is given. In other words, the development of the necessary expression of value as exchange-value *also* reveals, albeit in the mode of an inverted reflection (Marx 1976a, 150), *why* the objectification of the abstract character of privately-performed labour takes the social form of value or, to put it differently, why private labour is value-producing.¹² For reasons space, we cannot flesh out in any detail all the intricacies and complexity

of a systematic exposition which Marx firstly unfolds, rigorously sticking to ‘the inner life of the subject matter’, in ‘the language of commodities’.¹³ Here we would only like to make a few remarks drawing inspiration from a very rich passage from the first edition in which Marx succinctly brings together the results of his dialectical development of the genesis of the general equivalent-form, which, we think, concisely sums up the underlying necessity for both the constitution of the value-objectivity and its outer expression through the polar doubling of the commodity-form into ‘ordinary’ commodities and money (see Marx 1976c, 31–32). What is the conclusion that Marx infers from this exposition of the inner structure of the ‘exchange-value or the form of value’?

First and foremost, that ‘all use-values are commodities only because they are *products of mutually independent private labours*, private labours, which however materially depend upon one another as particular, even though autonomized members of the naturally system of *division of labour*’ (Marx 1976c, 31, translation modified based on Ehrbar 2010b, 105). Marx thus reiterates and leaves no doubt that the simplest specific form-determination of labour in capitalism that determines its products as commodities is not being abstract labour but private labour. Moreover, although this social process certainly takes the inverted or alienated form of an impersonal ‘system of objective compulsion’ over individuals, its essential content is not being a ‘relation of subjugation’ (Kurz 2016, 206), but a historical mode of existence of the organisation of the *immanent* social character of individual productive activities as qualitatively differentiated organs of the social division of labour.

Second, the expression of value, now grasped in unity with the content that constitutes it, reveals that the distinguishing mark of this mode of organisation of the social life process lies in the fact that the producers do not *consciously or directly* relate, as individual organs of social labour, at the moment of the allocation and expenditure of the labour-power that they embody in a particular concrete form. Instead, the social character of their activity, the fact that they are producing use-values for others, can only *be expressed* in a socially-recognisable form only in an *indirect* (or mediated) manner, namely, through the exchange of its products as commodities. Hence, the form of value brings to view, albeit ‘in a roundabout way’ (Marx 1976a, 142), that it is the product of labour that acts as the immediate bearer of the capacity to effectuate the general social relation that gives material unity to the individual organs of social labour.

However, the product of labour can only act as such reified mediator not simply by embodying determinate material properties which make it apt for the satisfaction of the human needs of another individual. The universal scope and impersonal nature of the exchange relation have shown that the products of private labour can only validate their determination as social use-values by firstly proving that they are *universally exchangeable entities*, i.e. they can only affirm their natural potentiality as an object of utility ‘for people other than its possessor’ by being ‘set into *social rapport*’ (Marx 1976c, 28). In other words, it is by being determined as ‘bearers of value’ that socially-useful products of private labour can fulfil that mediating social role – ‘although this property never *shows through*’ (Marx 1976a, 143, emphasis added) in the sensuous corporeal materiality of each isolated

individual product, which is why it must be outwardly manifested in the use-value of a particular product of private labour which the world of commodities jointly designate as general equivalent.

Still, this contradiction in the product of labour is but an objectified, mediated expression of the fundamental one which is intrinsic to commodity-producing labour itself. Although at stake is the general organisation of the material interdependence among the different individual useful labours as particular organs of the social division of labour, the formal autonomy between the private producers means that the social character of their activity cannot be *consciously* posited *before* production takes place and *based on the concrete character of their labour*. They do not produce for themselves but for others with whom they have no overt nexus of direct dependence, so that ‘it is indifferent just whose needs the commodity’s useful properties relate it to’ (Marx 1976c, 28). In other words, they cannot organise the productive exertion of the individual labour-power that they embody with a view to satisfy the needs of a ‘definite other’, but can only do it for a ‘general, yet undefined other’. Similarly regarding the private producer’s multifarious ‘participation in the world of products, in consumption’ (Marx 1973, 172), which also materially depends on the products of labour of those ‘general others’. Yet, ‘mediation must, of course, take place’ (171) for the process of human metabolism with nature to secure its continued reproduction. Thus, this contradiction can ‘find room to move’ by mediating the material unity between social production and consumption on the basis of the only remaining social nexus among private producers, which is that each of them embodies an aliquot part of the total labour-power of society, i.e. the capacity to perform labour ‘sans phrase’ (Iñigo Carrera 2021, 44). The private labour of the commodity-producer thereby must acquire an additional, historically-specific social character: its common ‘universality’ as sheer physiological expenditure of labour-power, i.e. the abstract character of human labour’s materiality, must act, once ‘coagulated’ in its product, as the vehicle for the establishment of the general unity of the human life process (Marx 1976a, 166). Important conclusions can be inferred from this.

To begin with, this remains a *material* process, which, however, takes place behind the backs of individuals. This is the reason why it must be ideally *reflected* in their heads, through a ‘primordial and hence unconsciously instinctive operation of their brain’ (Marx 1976c, 36), in the form of the ‘purely social’ value-objectivity of the products of labour (Marx 1976a, 166). In this sense, Kurz’s (2016, 105) emphatic characterisation of the materiality of abstract labour as the ‘combustion of human energy’, in contradistinction to its *fetishistic social representation* as an attribute of its product, is entirely on the mark. However, and here we part company with the conclusions that he draws, this does not turn abstract labour into a specifically-capitalist social form. In other words, it is not *being* abstract labour, ‘which is what all human labours – whatever their content and their mode of operation – actually *are*’ (Marx 1976c, 32), but *socially relating* by means of that physiological determination, which constitutes the specific social form of value-producing labour. As Marx continues in the passage just quoted, ‘in each social form of labour, the labours of different individuals are related to one another as

human labours too, but in this case this *relating itself* counts as the *specifically social form* of the labours' (32).

Furthermore, Kurz and Jappe are on the right track when they insist on the historical specificity of the antithetical 'social doubling' of the 'universal' (abstract) and 'particular' (concrete) materiality of human labour. However, in one-sidedly fixating on this significant and undeniable aspect of capitalist social relations, the authors from the so-called *Wertkritik* either simply gloss over (Kurz) or merely pay lip service to (Jappe), the *private character of social labour*. The latter is what constitutes the *differentia specifica* of this mode of production and which, at any rate, constitutes the *foundation* of such 'practical sundering' of the 'combustion of human energy' from the concrete forms in which it is expended. By contrast, Kurz and Jappe end up elevating a *derivative phenomenon* into the *essential ground* of the capitalistically-determined social life process.

To conclude, abstract labour as such cannot be simply identified with value-producing labour, which is what virtually all the literature takes for granted as a self-evident fact. Instead, as argued in this chapter through a close reading of Marx's argument in the first chapter of *Capital*, value-producing labour is *privately-performed (socially necessary) abstract labour*. Rubin's dilemma crops up as soon as one fails to grasp all these determinations *in their underlying unity* and treats each of these 'moments' as a one-sided self-sufficient 'category'. At bottom, we think that there is a unifying thread which underlies the inability to escape Rubin's dilemma in most of the contemporary literature on the value-form, namely: a problematic conception of the place of the material determinations of human life in the critique of political economy, which eventually fails to grasp the immanent contradictory unity between materiality and social form that forms the movement which Marx expounds in the whole of *Capital*.

Notes

- 1 For a good introductory overview to the main contemporary controversies, see Pitts (2021).
- 2 Saito's reading (2017, 102ff; Sasaki and Saito 2015), drawing on the so-called Kuruma school (Kuruma 2017; Otani 2018), represents a notable exception to this overriding Marxist consensus. In a nutshell, Saito takes issue with Rubin's dilemma because it 'says no more than "value-creating-labor creates value"' which is 'is merely a circular argument' (Saito 2017, 108). Instead, and similarly to the perspective adopted in this chapter, he maintains that the defining characteristic of commodity-producing labour is its private character, whilst abstract labour represents a transhistorical phenomenon (104). However, in contrast to our approach, Saito considers that private labour 'does not become a part of the entire social labor at the moment of labor's execution', but only through a 'detour' by means of the 'exchange between products' (106). As we shall see in the next chapter, this kind of argument is riddled with problems to explain the specificity of value-producing labour. Furthermore, Saito postulates that abstract labour plays 'a social role [...] in any society' (108), an argument which, for reasons fleshed out below, is also incorrect. For its part, Carchedi (2011) is another author who acknowledges that abstract labour is a 'transhistorical' physiological expenditure of labour-power, whilst conceiving of value as a social form specific to capitalism. However, in line with other interpretations that we critically examine below, he ends up referring to a 'specifically capitalist abstract labour' which can only be explained at the level of abstraction of the capital-form (152).

- 3 Later, when recapitulating the content and form of the formal determinations of the commodity in their unity, Marx (1976a, 152) looks back and corrects his initial ill-chosen terminology, making clear that what he called ‘exchange-value’ in those opening passages, was actually and already what he would some paragraphs later call, more rigorously and precisely, ‘value’: ‘When, at the beginning of this chapter, we said in the customary manner that a commodity is both a use-value and an exchange-value, this was, strictly speaking, wrong. A commodity is a use-value or object of utility, and a “value”’.
- 4 As attested by Marx’s reference to his initial use of the term exchange-value ‘in the customary manner’ quoted in the previous footnote.
- 5 In the first edition of *Capital*, Marx (1976c, 9) does name *value* before proceeding to the analytical search for its content. Heinrich (2021, 58) correctly notes this.
- 6 In section 3, Marx (1976a, 159) comments on how the specific polar structure of the expression of value in the use-value of the general equivalent brings out, in its correspondingly mystified and inverted fashion, this positive quality of abstract labour *vis-à-vis* its mere ‘negative presentation’ as a residue.
- 7 As Ehrbar (2010a, 1312) perceptively notes in his *Annotations to Karl Marx’s ‘Capital’*, this *implicit* line of reasoning in Marx’s analysis of the commodity is *explicitly* fleshed out much later in Chapter 8, when explaining the way in which the *same productive action* of the worker *simultaneously* adds new value and preserves the old value materialised in the means of production. As Marx (1976a, 307) puts it, ‘it is plain that this two-fold nature of the result can be explained only by the two-fold nature of his labour’.
- 8 As Ehrbar (2010a, 136) clarifies, the German word that Marx introduces to refer to the ‘two-fold character’ of commodities and commodity-producing labour is ‘*Zwieschlächtiges*’, which more literally means ‘two-edged’ (as in the expression ‘two-edged sword’). This translation as ‘edge’ (or alternatively, ‘moment’, Ehrbar suggests) makes it even plainer that the relationship between concrete and abstract labour is not between content and form.
- 9 Marx’s reference to abstract labour as *social* substance is not, as Heinrich believes, irrefutable proof that ‘it does not express any natural qualities’ and that it thereby is ‘something purely *socially* determined’ (Heinrich 2021, 66). To the contrary, it is the perfect terminological synthesis of the contradictory unity between physiological materiality (‘substance’) and historically-specific role (‘social’) of the productive expenditure of human labour-power ‘sans phrase’ in capitalist society.
- 10 Note that had abstract labour as such constituted the specificity of value-positing human action, Marx’s analytical search would have come to an end.
- 11 The question of simple and complex labour will be discussed in great depth in Chapter 4.
- 12 See Marx’s (1976a, 142) discussion in the subsection on ‘The content of the relative form of value’ for the argument that these are not two different questions but a two-fold question with the same answer.
- 13 But see Starosta (2016, chapters 4 and 5). The next two chapters of this book shall also partly cover this ground.

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2 The determinations of value as historically-specific social form

Part II: production and circulation

Introduction

As we have seen in the previous chapter, in order to avoid lapsing into ‘asocial’ representations of the commodity-form of the product of labour, a great deal of contemporary readings of *Capital* are at pains to throw into relief the historical character of economic categories, abstract labour primordially among them. As we have also noted, within this rather broad new consensus, some scholars have taken an additional idiosyncratic step in their attempt to part company with Ricardian conceptions. More specifically, what we have referred to as ‘circulationist’ strands of argument can also be regarded as a deliberate theoretical strategy to keep the chances of Ricardian retrogressions at bay.

Although the ‘foundational’ ideas can be traced back to the pioneering contribution of Rubin (1972) in the 1920s, which has constituted the main intellectual source for the circulationist revival since the 1980s (Eldred and Hanlon 1981; Reuten and Williams 1989), this approach has been quite vehemently revamped in more recent times in the influential work of the German scholar Michael Heinrich (2012; 2021).¹ Let us, therefore, examine the specific way in which he makes his case for the circulationist reading of Marx’s investigation of value in his commentaries to Marx’s *Capital*.²

The contemporary ‘circulationist’ (over)reaction to the naturalistic reading of *Capital*: the case of Michael Heinrich

Heinrich’s discussion starts out with the correct observation that the gist of Marx’s argument in the first chapter of *Capital* does not simply boil down to the claim that ‘value is an objectification of human labor’ and ‘the magnitude of value depends upon the “socially necessary labor-time”’ (Heinrich 2012, 44). If this were the case, Heinrich continues, ‘then Marx’s value theory would not have gone very far beyond classical political economy’ (44). Instead, he further notes, at stake in Marx’s investigation of the determinations of value as a historically-specific social form is, ‘under the conditions of commodity production, [...] how privately expended labor becomes a component part of the total labor of society’ (47). In this sense, ‘value theory [...] should explain the specific social character of commodity-producing labor’ (47).

So far so good. However, Heinrich then elaborates on this process of fetishised mediation in the establishment of the unity of social labour through the exchange of the products of labour as commodities. And when he moves to conceptualise the connection between privately-undertaken individual labours and the general unity of social labour, his formulation shows the three paradigmatic hallmarks of the circulationist approach: the products of private labour are deemed to enter the exchange relation exclusively as use-values, and it is the latter phase of the social metabolic process which is seen as transforming the former into ‘bearers of value’. Moreover, this train of thought continues, through the mediation of this transformation of the product of labour, a further two-fold transformation takes place: the producer’s private labour is converted into social labour and the concrete character of labour is transformed into abstract labour. In other words, it is the equalisation of heterogeneous use-values on the market, i.e. the effective relation that the products of labour establish *after* the production process has been completed, which converts them into actual commodities and, *retroactively*, transforms private, concrete individual labours into social, abstract and socially necessary labours.

Thus, Heinrich (2012, 49) states that when the reproduction of society as a ‘particular totality’ is mediated by commodity-producing labour, ‘*during the act of exchange*, an abstraction is made from the use value of commodities, and the commodities are equated *as values*’. In other words, from the undisputable fact that the ‘value-objectivity is “purely social”’, Heinrich (2021, 95) draws the far from self-evident conclusion that ‘it cannot be a single thing’s property’ so that ‘commodities have value-objectivity only in the social relation of one commodity to another’. In this sense, as he furthermore bluntly puts it, ‘prior to and outside of this relation’, the products of private labour ‘are mere use values: they are on the way to becoming commodities, but far from being commodities’ (95). In turn, this idea that ‘value [...] first exists in exchange’ (Heinrich 2012, 53) is grounded in Heinrich’s conceptualisation of abstract labour as the social substance of value. In effect, the latter is not seen as a material aspect of human productive activity in general but as ‘a relation of social validation existing only in exchange [...] the substance of value, and thus the value-objectivity, is something only obtained by things when they are set into relation with one another in exchange’ (52–53).

In brief, the reified determination of the products of private labour as bearers of value, i.e. of the power of general exchangeability, is not considered as a *presupposition constituted in the direct process of production*, which, as an *entirely social yet immanent* aptitude, capacity or potentiality, therefore, *allows* privately-produced use-values to establish the exchange relation. As a matter of fact, he even submits that the very idea that value is ‘a property of an individual commodity’ can only be a ‘substantialist illusion’ of ‘traditional (i.e. naturalistic or Ricardian) Marxism’, and so is the view that the magnitude of value is ‘determined, independent of the exchange process, by the quantity of socially necessary labor-time expended in the *production* of the commodity’ (Heinrich 2012, 54).

But if this is so, how is it possible for different commodities to establish an exchange relation given that, as Bonefeld (2010, 265), drawing on Heinrich himself, perceptively notes: ‘exchange cannot take place without equality, and equality

not without commensurability'? Put differently, Heinrich's line of reasoning begs the question of how heterogeneous use-values can become formally identical and, *on that basis*, be even able to relate as equivalents in exchange in the first place.³ Certainly not by virtue of their qualitative and quantitative 'physiological' or material identity as 'coagulations' of the socially necessary abstract labour expended in their production, since, according to Heinrich, the existence of that social substance of value is explained by the act of exchange itself.⁴ Thus, as argued elsewhere (Kicillof and Starosta 2011), this perspective ends up caught in a fallaciously circular train of thought: commodities become equal because they exchange but they can only exchange because they are already equal. Alternatively, it cannot but lapse into a tautological explanation which attempts to ground a determinate phenomenon through the sheer enunciation of the form of that phenomenon itself (Hegel 1999, 458ff.). As Heinrich (2021, 115) explicitly puts it, 'the product of private labor [...] obtains a *value-form* through exchange and thus becomes interchangeable', i.e. products of labour are exchangeable (they are bearers of value) because they exchange.

In light of these issues with the circulationist approach, it might be worth at this stage throwing into relief the key qualitative matter at stake which underpins the whole question of the respective roles of production and circulation in the social determinations of abstract labour and value, namely: the establishment of the material and social unity of privately-undertaken individual labours. In this sense, the circulationist stance on abstract labour and value is but a further consequence of a view which is ultimately grounded in a representation of private labour as having absolutely no objectively-determined social character before exchange. Only at the latter moment of the social metabolic process is private labour said to *become* part of the total labour of society. More specifically in the case of Heinrich, he remarks that in a commodity-producing society, 'the particular labor activities *are not yet social when they are carried out*' (2021, 152, emphasis added). In other words, at the time of its performance in the direct production process, individual labour '*is not yet* a component of the aggregate labor of society' (154–55, emphasis added). Instead, he further claims, 'such labor is private labor, and its socialization first occurs *retroactively*, through the exchange of products' (154–55).

Note that in Heinrich's formulation, the exchange process is not seen as retrospectively *confirming* whether or not the *original* allocation of the private producer's individual labour *had been undertaken in a socially-useful fashion*, i.e. whether it was determined (or not) as an effective element of the material unity of the social division of labour *at the moment of its actual expenditure and objectification in the process of production*. Instead, Heinrich characterises the market 'sanction' as *determining ex-nihilo* the inclusion (or exclusion) of already objectified private individual productive activities in a general social division of labour whose qualitative articulation is deemed to *come into being* at the very moment of exchange. In other words, the objective material and social interdependency of privately-undertaken individual labours is not considered as the *premise* which the exchange process validates 'post-factum' in a socially overt form, but as the latter's pure *result*.

Hence, Heinrich's characterisation of private labour deprives the direct production process of its *objective immanent social character*. In his account, the essential social determination becomes displaced to the exchange process and, similarly to Rubin's pioneering circulationist arguments, it is conceived of as only (logically) later 'projected' onto the production process by means of the subjective purpose and ideal estimates of the commodity producer (Heinrich 2012, 55; 2021, 155–56). As argued in connection to the early Rubin's circulationist leanings elsewhere (Kicillof and Starosta 2007), this can only result in an *external* relation between the value-form and the materiality of the direct production process. The latter ends up represented as a merely material process of production of use-values, which is *extrinsically* 'shaped' by the historically-specific form of the *circulation* of social wealth, which becomes inverted into the social foundation of the human metabolic process as a whole.

At this point, and in order to place our critical assessment of the shortcomings of circulationism on clearer and firmer ground, we think it is fundamental to probe deeper into the meaning of the private and independent form taken by social labour in commodity production. So, before turning to the examination of other contemporary alternatives to circulationist value-form theory, let us take a momentary detour and briefly examine the matter more closely.

The immanent social character of human labour and its private form⁵

Whatever its specific social form, all act of labour has a two-fold character which is *immanent in its materiality*: individual and social (Starosta 2022). On the one hand, it is the human individual's productive expenditure of their corporeal powers with a view to appropriating and transforming external nature into a means for human life. On the other hand, those individually borne productive powers can only be constituted socially, that is, they can only develop as the outcome of the productive action of other individuals (who, for instance, have participated in the production of the use-values whose consumption resulted in the productive attributes borne by the former individual's labour-power). Moreover, and crucially for the matter under discussion, the individual labourer produces use-values not solely for their own consumption, but to satisfy the needs of others, that is, *social* use-values (Marx 1976a, 131). Although an irreducibly individual human action, 'as soon as men start to work for each other in any way' (164) labour therefore *always* has an *intrinsically* social character as well.

The private and independent form taken by the organisation and establishment of the unity of social labour does not *do away* or *abstractly negate* this social determination of individual *living* labour *in act or in motion*, i.e. *as it exists in the direct process of production*. What happens in a commodity-producing society is that this immanent general social character of individual labours is not carried as a *conscious determination* by the working subject. Thus, as a private and independent human being, the producer is incapable of consciously recognising that their productive action possesses social determinations that transcend the

immediacy of its singularity. Consequently, when organising the expenditure of the labour-power that they embody, the human individual must project or transpose – hence confront – those individually borne social powers as external to their individuality and existing as the objective attribute of the product: the social property of exchangeability or the value-form.

Note, however, that this ‘primordial and hence unconsciously instinctive operation of their brain’, which reduces the ‘material thing to the abstraction, *value*’ (Marx 1976b, 36), is but the fetishised form in which the private producer resolves the organisation of their individual action as part of the unity of the social metabolic process of human beings. And insofar as the latter has its starting point and ground in the act of production (Marx 1973, 99), the *objectivity* of value must be necessarily *constituted* already at that opening phase of each cycle of human life activity. Indeed, it is only by virtue of being already determined as exchangeable objects or ‘bearers of value’ as they emerge from the direct labour process, that materially heterogeneous products of labour can even enter into relationships as ‘equivalents’ in exchange, designate one of them as the money-commodity to sensuously express their suprasensible ‘social soul’ and, in this roundabout manner, *manifest indirectly* the human subject’s *immanent determination* as an individual organ of social labour. As in every act of social accreditation, at stake in the exchange relation is the *confirmation* of whether an ‘intrinsic’ qualitative attribute in need of ‘recognition’ *was present or not before the act of accreditation itself*.⁶

As Kliman (2011, 180–81) comments in his case for a production-centred yet non-naturalistic approach to value,⁷ this idea that ‘commodities are values when they are produced’ is usually regarded by circulationist value-form theorists as an asocial perspective for which, in a Ricardian manner, ‘the transformation of commodities into money appears to be something merely formal, which does not penetrate deeply into the very essence of capitalist production’ (Marx 1989a, 325). In other words, if the social character of private labour were fully established in the act of production, the circulationist objection goes, then the qualitative and quantitative articulation of the system of division of labour would seemingly lose its characteristic haphazard and spontaneous nature (Marx 1976a, 202). Whilst this certainly is a fair objection to Ricardian-Marxist approaches to the subject that dominated the literature until about 40 or 50 years ago, it is far from being the general case that it is a necessary consequence of a production-centred approach to the value-form. Let us see why.

As remarked above, the specificity of commodity production derives from the fact that the *immanent* social character of individual labours is not carried as a *conscious determination* by private producers. In other words, what remains to be established in circulation, upon completion of a privately-undertaken production process, is not the *positing* or *constitution* of those social determinations (i.e. their coming into objective existence), but their explicit outer *expression* and *accreditation* in a socially-recognisable and generally-valid manner. However, it does not follow from this that the determination of the socially-useful character of private labours is conceived of as ‘guaranteed’, thereby downplaying the indirect form of social relations of production in capitalism. But the ‘success or failure’

at privately producing *social* use-values (hence commodities), i.e. to effectively establish a social relation, is *determined* at the very moment of production, although it can only *manifest indirectly* through the connection established by the products of labour in the exchange process. Thus, in the case of a socially-useless expenditure of private labour, its product will eventually prove *not* to have been a 'bearer of value', and hence a commodity, already at the point of production; albeit that condition would only be *revealed a posteriori* in and through the exchange relation. By contrast, if the private material expenditure of individual labour was done in a socially-useful concrete form (and let us add, was expended in the socially necessary labour-time), the resulting product will successfully and effectively be able to relate as 'exchangeable' in the circulation process (i.e. establish a value-relation) for identical materialisations of the abstract character of socially necessary private labours. Of course, in the mode of an expression 'in consciousness' through *ideal* quantities of the general equivalent, both socially-useful and useless products of private labour will indistinctly *appear* in circulation as bearers of the price-form stuck on a tag. However, only the former, as actual commodities or exchangeable objects proper, will be able to *realise* that merely ideal price, i.e. undertake the '*salto mortale*' through a successful sale.

Finally, there is an additional implication of this alternative view on the role of production and circulation in the determination of value, which concerns the 'genesis of the money-form' and its synthetic expression in the three peculiarities of the equivalent-form. In *Capital*, Marx presents the three peculiarities of the equivalent as the *inverted form* in which the (relative) commodities *outwardly reflect*, hence resolve and develop, their *inner* (but 'hidden') contradictory character as use-values and values, i.e. as materialisations of the unity of concrete and private labour, and abstract and social labour. As already discussed, this is a social determination which commodities acquire as they emerge from the direct process of production, and which constitutes the very *condition of possibility* for the establishment of the exchange relation. This is also true of the commodity serving as equivalent, which can only express in its own natural body the value of the other commodities in the relative pole, only because it is an identical private materialisation of abstract socially necessary labour. However, as with any commodity, the one acting as equivalent simultaneously is 'always the product of some specific useful and concrete labour' (Marx 1976a, 150). And also 'like all other commodity-producing labour, it is the labour of private individuals' (150). What is peculiar about the equivalent commodity is that its use-value and the concrete private labour that produces it, become socially recognised, or 'count' (as Marx puts it in the quote below), as the direct embodiment of their respective opposites: value and abstract social labour. Yet Marx is adamant that the commodity acting as equivalent can 'count' as such immediate representative of abstract social labour within the exchange relation, because it already has such property objectified in it (142–43). Conversely, the rest of the *useful* private products of socially necessary abstract labour, *even though they do possess those properties prior to and independently of the exchange relation*, cannot directly appear as such bearers of those material and social determinations in their 'coarsely sensuous objectivity as

physical objects' (138). That is why they must necessarily reflect them externally in the body of the equivalent.

In sum, the necessary development of the equivalent-form, and hence of the money-form, is the result of the exchange relation between socially-useful products of private labour *already determined as equivalents* as a result of the immanent social determinations of the respective privately-undertaken direct production processes. The relative expression of value in the concrete form of exchange-value only *polarises* the (in)capacity *directly to manifest* that determination in the respective bodily existence of commodities and money. But it does not *engender* the determination itself. This immanent unity between the qualitative *content of value* and its *necessary form of expression* in the mode of exchange-value, which is contained in the *value-relation* between two commodities, is succinctly summarised by Marx in *Capital* towards the end of the subsection on 'The Simple, Isolated or Accidental Form of Value', where he fleshes out the results of the latter subsection:

The internal opposition between use-value and value, hidden within the commodity, is therefore represented on the surface by an external opposition, i.e. by a relation between two commodities such that the one commodity, whose own value is supposed to be expressed, counts directly only as a use-value, whereas the other commodity, in which that value is to be expressed, counts directly only as exchange-value.

(Marx 1976a, 153)

Note that in that passage above, Marx unequivocally states that the 'internal opposition between use-value and value' is '*hidden within the commodity*', *in the singular*. The '*relation between two commodities*', *in the plural*, which is *premised on* that opposition hidden in the *individual commodity*, represents the latter in an externally visible manner. Against the backdrop of the prior discussion, this can only mean that the *constitution* of the *inner* opposition, which takes place in the process of production and becomes objectified in each product of private labour (on condition that it is expended in a socially-useful concrete form and in the socially necessary labour-time), pre-exists its outer *expression* in and through the exchange relation. As Marx puts it at the opening passages of section 3 of chapter 1 on 'The Value-Form, or Exchange-Value', what 'remains impossible' is not for the *single* isolated commodity that he is analysing to *have* a dual nature as 'an object of utility' and a 'bearer of value', but for an 'observer' to *grasp* (i.e. consciously recognise) its 'objectivity as value' in the coarsely sensuous objectivity as a physical object.

However, in his commentary, Heinrich glosses over this change of angle on the question, which is reflected in Marx's precise choice of words ('to have' versus 'to be grasped'), i.e. the transition from the individual commodity's *possession* of value to the *form of appearance* or *manifestation* of that intrinsic property 'in the social relation between commodity and commodity', and thereby wrongly concludes that 'as a specific product, an *individual* commodity is simply the outcome of a particular useful and individual labor activity' and 'can only become an expression

of *equal human labor* through exchange, when confronting other commodities' (Heinrich 2021, 94). But insofar as value acquires its fully-developed shape as exchange-value through the money-form, i.e. through the 'social interweaving' of the function of general equivalent with the natural form of a specific commodity (historically, gold), Heinrich's train of thought implies that the objective existence of value and abstract social labour can only result from the exchange of products for money. Yet gold can monopolise the role of direct material incarnation of abstract socially necessary private labour in opposition to 'ordinary' commodities (i.e. become the general equivalent), for being such bearer of value itself prior to assuming its social determination as money. But if the existence of value (and abstract social labour) results from the exchange of products for money, the existence of the latter is rendered inexplicable. In brief, the circularity in the circulationist account of the social power of general exchangeability of the products of private labour translates into the inability to explain the development of money.

Now, many of these pitfalls of the circulationist perspective have not remained unnoticed by other contemporary Marxist scholars who, as much as the former, have also attempted to move beyond the old 'traditional Marxist' or 'Ricardian' orthodoxy that had dominated the readings of *Capital* until the 1980s by insisting on the historicity of the determination of value as a reified social form. In light of our own production-centred, yet wholly social, alternative formulation of the connection between production, exchange and value as just fleshed out, let us now turn to examine some of those other contemporary alternatives to the circulationist perspective.⁸

Critical remarks on some current attempts to overcome the pitfalls of the circulationist value-form approach

Contemporary production-centred approaches to value as a historically-specific social form

In a symposium on the 'Value-form paradigm' in the pages of the online journal *Critique of Political Economy*, Kliman (2011, 177) comments that the former approach's stress on the historical specificity of value must be applauded against the backdrop of 'Sraffian and other physicalist theories that dominated Marxian economics'. However, he critically notes that the 'typical value-form concept of value is unduly market centered' (178). More specifically, Kliman means by this that, according to the value-form paradigm, 'products acquire their values – and, *a fortiori*, their prices – if and when they are sold' (178). In other words, he rightly observes that in their valid attempt to avoid the naturalisation of the value-form, much of this literature lapses into untenable *circulationist* positions. Moreover, he also correctly notes that this is an unnecessary move and insists that it is possible to reconcile the idea of value as a historically-specific social form with a production-centred view of its determination.

Writing from a similar position to Kliman's, Posner and Gonzalez's contribution put forward important additional arguments against the circulationist reading,

albeit with a more specific focus on the theorisation of abstract labour. In the first place, in agreement with the perspective that we upheld in the previous chapter of this book, they defend the view that abstract labour is a ‘physiological’ (hence transhistorical) determination of all human labour whilst its objectification as the value of the product is historically-specific. In other words, they claim that it is not abstract labour as such that is historically-specific, but its mediating role in the establishment of the social form of individual concrete labours (Posner and Gonzalez 2011, 205). Moreover, they correctly add that this social role of abstract labour is further mediated by ‘the fact that this common equality of all human labor is transformed into an “objective characteristic” of the commodities themselves [...] socio-natural properties of these things [...] i.e. as its value’ (205).

In the second place, they point to an issue that also resembles a critical remark on circulationism that we made in the previous chapter. Thus, they seem to draw the correct implication that unless we acknowledge the ‘physiological’ *materiality* of abstract labour, there is no way in which we can claim, as we have seen Marx emphatically does, that abstract labour is not a *kind or type* of labour, but an *aspect or facet* of living labour. More concretely, they acutely observe that, at the phase of exchange, labour, as human productive activity, has *ceased to exist* (Posner and Gonzalez 2011, 206–8). As they bluntly conclude: ‘It would therefore be absurd to speak of value as a substance produced by the laboring human subject, since it would not be *produced* at all’ (207).

In brief, both Kliman’s and Posner and Gonzalez’s contributions aim at disputing the claim that ‘a concept in which [products of labour] become values when they are produced, before and irrespective of sale, is transhistorical’ (Kliman 2011, 179). More specifically in the case of Kliman, the key to his case is that the idea of value as labour ‘embodied’ (or ‘materialised’ or ‘congealed’) in the process of production, is not necessarily Ricardian, as most value-form theorists believe. According to Kliman, the reason for this is that for Marx, and unlike for Ricardo, the ‘embodiment’ of labour in the commodity does not simply mean that labour has been expended in its production, but that, upon its expenditure, it has taken the fetishistic form of a ‘phantom-like objectivity’; it has become a purely ‘social substance’ (182). To put it differently, Kliman argues that, as a matter of fact, the ‘embodied labour’ that constitutes the social substance of value is nothing else than what Marx (1992, 324) referred to in 1844 as “alienated labour”, i.e. labour whose product not only constitutes its objectification but which ‘confronts him [the worker] as hostile and alien’.

If we leave aside Kliman’s rather debatable *semantic* claim that the term ‘embodied labour’ is *synonymous* with ‘alienated labour’, we have no objection whatsoever to his *substantive* argument that value-positing labour entails, as a matter of fact, an alienated objectification of human productive subjectivity. Yet, there are a number of problematic issues in the rest of his otherwise commendable attempt at making a case for a historically-specific *and* production-centred view of the determination of value. As Murray perceptively observes in relation to Posner and Gonzalez (but the thrust of the argument is equally applicable to Kliman), these contributions correctly grasp the ‘definition’ of commodity-fetishism (the ‘what’),

i.e. that physiological abstract labour takes the objectified form of a purely social property of the product of labour, namely: value. However, they fail to offer an actual *explanation* of the social determinations which turn the general materiality of the expenditure of human labour-power into the substance of an objectified form of social mediation (i.e. the ‘why’). Albeit with recourse to what we see as a problematic categorial demarcation between ‘physiological’ and ‘practically’ abstract labour (see Chapter 1 of this book), Murray (2016, 434) pins down quite lucidly and precisely the pitfalls of his opponents in the debate: they do not indicate ‘what specific feature of capitalist production is responsible [...] for transforming abstract labour into a supersensible property of the commodity’.

This leads us to a further shortcoming of both Kliman’s and Posner and Gonzalez’s production-centred account of value as a historically-specific social form. In reality, Murray’s perceptive critique on the grounds that they leave the social constitution of the value-objectivity unexplained is only partially on point. Strictly speaking, they do lay down an explanation; but the problem is that they locate it at the wrong systematic ‘level of abstraction’. In other words, their explanation is missing from where it actually belongs, which is at the level of the simplest determination of the capitalist mode of production, i.e. the commodity-form. Instead, both Kliman (2011, 183–85; McGlone and Kliman 2004, 143ff.) and Posner and Gonzalez (2011, 209–10) consider that the social process which turns the sheer physiological materiality of the expenditure of abstract labour into the ‘socially real’ substance of an objectified social relation (i.e. value) is the subsumption of labour to an alienated purpose, namely: capital’s incessant drive to self-valorisation. However, as already argued in the previous chapter, this is a fallacious train of thought, which just presupposes what needs to be explained. In effect, insofar as its general determination is to be self-valorising *value*, the systematic development of capital as a social form evidently needs the prior unfolding of the more abstract determinations of the social constitution of value.

Now, there seems to be an underlying reason for these scholars’ denial that the ground of the social determination of labour as value-producing resides at the level of the commodity-form. More specifically, they seem to equate this more abstract determination of social existence simply with ‘the market’ as a ‘mode of commerce’, whilst the ‘mode of production’ is seen as solely acquiring determination once we reach the level of the capital-form (Kliman 2011, 185). But, as Murray himself stresses in his critique of Arthur’s treatment of value as a contentless ‘pure form’ until reaching the level of capital, the commodity-form is not simply a mode of *circulation* of social wealth (even if, as we shall see below, Murray fails correctly to grasp the connection between the immanent social character of production and the process of exchange). The commodity-form of the product of labour is, above all, the simplest determination of the organisation of the general social unity of capitalist *production*.

That is why Kliman ends up missing the mark with two wrong-headed criticisms of the value-form paradigm. On the one hand, he submits that value-form scholars confuse the defining distinctive feature of capitalism, which is not to be a ‘market monetary economy’ but the existence of labour-power as a commodity.

However, as Murray (2016, 437–38) correctly notes in his rejoinder, it is a methodological error to abstractly oppose the generalised production and circulation of commodities, which furthermore develops the necessity of the money-form, and the capitalist mode of production. For, from a systematic-dialectical perspective, the generalised commodity-form is nothing else than the simplest or most abstract determination of the capitalist mode of production.

On the other hand, and building on this first critique, Kliman further submits that ‘ironically, value-form theorists have tended to regard relations of production as transhistorical – just like Ricardo and the Ricardian-influenced authors they oppose. Thus the source of capitalism’s distinctiveness is displaced to the sphere of exchange’ (Kliman 2011, 184). This is incorrect and reflects Kliman’s and Posner and Gonzalez’s own inability to grasp the *simplest* source of capitalism’s specificity as a mode of production and, more concretely, of its value-producing character. For the problem with value-form authors does not lie in their failure to see any historical specificity in the social organisation of the capitalist direct process of production. At least in the work of most sophisticated exponents of this paradigm, Murray among them (and, as we have seen, also Heinrich), they are very clear that this specificity lies in the *private* character of labour, a form-determination which neither Kliman nor Posner and Gonzalez even mention in their articles. The problem with *circulationist* value-form theorists, which we shall argue that Murray fails fully to overcome, is that they consider that the form of private labour entails the abstract or absolute negation of the immanent social character of individual living labour in the direct process of production.

In sum, both Kliman’s and Posner and Gonzalez’s contributions fail to offer a convincing case for a production-centred view of value as a historically-specific social form, thus paving the way for Murray’s more nuanced reinstatement of circulationist leanings in the determination of value. We, therefore, now turn to the critical assessment of Murray’s rejoinder and his ‘co-constitutive’ value-form theory.

Co-constitutive value-form theory

Those wrong-headed critiques of the value-form paradigm allow Murray (2016, 429) to structure his response by firstly pointing out that Kliman, Posner and Gonzalez have construed a strawman, since they do not distinguish between what he labels ‘*exchange-only* value form theory’ and the ‘co-constitutive view’ that he endorses (427). The former is ‘the extreme variant of value-form theory’ that maintains that ‘value and the magnitude of value are constituted exclusively in exchange’, whilst the latter affirms that it is constituted in *both* production and circulation (427). Murray, therefore, is from the outset at pains to set his own approach apart from what he considers ‘extreme’ circulationist arguments, whilst still refusing to ground the determination of value solely in production. However, we shall see that although he does introduce some idiosyncratic nuances in his perspective, concerning the key issues at stake in this controversy his main substantive arguments do not significantly part company with those of Heinrich, whose pitfalls we have

already indicated earlier on. In this sense, other than showing that, effectively, his approach shares the same circulationist take on the essential aspects of the social constitution of value as a social form (and is thus liable to the same objections that we raised against Heinrich), our discussion shall focus on the additional arguments that he brings up to justify his position.⁹

Thus, in virtually all his writings, Murray usually deliberately stresses the differences between the co-constitutive view, on the one hand, and both the extreme variant of ‘exchange-only value-form theory’ and ‘labour embodied’ approaches. The latter, allegedly Ricardian, position is that ‘value is fully determined qualitatively and quantitatively in the sphere of production [and] is independent of money (indeed it is the independent variable that explains price, the dependent variable); money serves merely as a label for value and a convenient instrument for exchange’ (Murray 2016, 454). Murray finds Eldred’s ‘extreme’ value-form theory as the polar opposite of the Ricardian perspective, insofar as ‘any mention of value prior to exchange is out, and any talk about value in terms other than monetary ones stops making sense’ (454). In other words, Murray observes that the ‘extreme variant of value-form theory affords us no basis for distinguishing between value and price’ (430). Finally, he reads Marx’s *Capital* as presenting the co-constitutive view that he endorses, according to which ‘the qualitative and quantitative determination of value overlaps production and exchange (in keeping with the inseparability of production and exchange), so that value is “latent” in the sphere of production; it can be actualised only by being sold’ (454). In a nutshell, both this notion of value as already *latent* in production and, concomitantly, a particular way of understanding its ‘actualisation’ through the *effective* sale of commodities, are, according to Murray, the distinctive substantive features that mark the co-constitutive approach. We shall return to the assessment of these ideas later. But, before that, let us first examine the extent to which, on the key issues that, in our view, ultimately define the stakes of the controversy between production-centred and circulationist approaches to value as a social form, Murray’s perspective entails any significant difference from the essential circulationist elements that we have already discussed.

Against the backdrop of what he calls ‘Rubin’s dilemma’, Murray does not simply reject the ‘transhistorical’ materiality of abstract labour as part of the value-determinations. Instead, he argues that ‘abstract (physiological) labour’ is one of the *two* concepts which are needed to explain the value-producing character of labour, the other one being what he names ‘practically abstract labour’ (Murray 2016, 124–29; 145–48; 431; 434). The key, Murray points out, resides in doing what, in his reading, Posner and Gonzalez fail to do, namely: to identify the simplest or most general historical determination of the ‘specific social type of labour [...] that is socially validated in practice as abstract in the physiological sense’ (431–32). As already mentioned, Murray notes that this historical specificity which makes human labour commodity- or value-producing lies in the fact that it ‘has an asocial sort of sociality; it is social, because it produces for others but, as *privately undertaken production*, it is not directly social’ (285, emphasis added). In brief, value-producing labour is private labour (see also Murray 2016, 19; 28n98;

212; 213; 236; 270; 277). The problem, however, is the way in which Murray conceptualises the private character of labour.

More concretely, Murray (2016, 214) puts forward what he presents as ‘a developmental conception’ that ‘encompasses production and exchange’. We take this to mean that the determination of the social character of private labour takes place *all along the two phases* that comprise the indirect unity between production and consumption. Thus, Murray suggests that the process begins in the sphere of production, where the expenditure of ‘abstract labour in the “physiological” sense’, which is ‘[t]he labour that congeals as value’, firstly takes place (264). However, Murray warns against Ricardian readings, that sheer objectification of individual (privately-undertaken) abstract labour cannot yet be said to have produced value. Three additional conditions, pertaining to the social character of individual private labours and not simply to their natural materiality, must also be met (264–65). Firstly, it must be an ‘hour of simple average labour’, which is historically defined. Secondly, it must be ‘socially necessary’ in a technical sense, i.e. it must be expended under the *average* material conditions of production constituted across all the producers in the same branch. Murray subsequently suggests that if these two conditions which already involve ‘social’ dimensions, are met in the sphere of production, then the respective private expenditure of individual abstract labour initiates its ‘transformation [...] into socially valid labour’ (212). In effect, the materiality of production sets ‘limits’ to the apparently arbitrary ‘flow[s] of commodity exchange’ (212).

Nevertheless, Murray is adamant that upon the completion of the act of production, the determination of the material expenditure of individual labour as an organic component of the total labour of society is not yet ‘fully’ established. According to his train of thought, up to this point, the determination of the socially-mediated material interdependency of individual private labour acquires, as it were, a preliminary or tentative character. Concomitantly, the constitution or formation of the value of the products of labour is only ‘potential’; its presence in products ‘prior to the sale’ is only ‘latent’ (Murray 2016, 216). In order to ‘finalise’ the developmental process of conversion of individual productive activities into effective material components of the social division of labour, a third crucial condition must be met: they must be ‘socially validated’ both as ‘abstract’ and as ‘socially necessary’ labour, hence transformed into ‘practically abstract’, value-producing labour (287). But this, Murray states, ‘occurs only in commodity circulation’, so that ‘demand “determines” value even before we get to the issue of the magnitude of value inasmuch as, without demand, there would be no substance of value to measure’ (287). In sum, all this leads Murray to conclude that ‘*commodity exchange plays a co-constitutive role in the formation of value*’ (216, emphasis added). The following quotation encapsulates, in a nutshell, Murray’s ‘developmental’ and ‘co-constitutive’ conception of value:

There is no value without the qualitative transformation of privately undertaken labour into socially valid labour, and that transformation cannot

be completed in the sphere of production: to complete the circuit of value, commodities must be sold.

(Murray 2016, 212)

As this passage should make eloquently clear, at least concerning the key matter at stake, i.e. the form taken by the organisation of the social character of individual labours, Murray (2016, 124) ends up relapsing into the classic tropes that make up the distinguishing mark of circulationism: value-producing labour is ‘a definite historical type of labour, namely, the labour that produces commodities and is socially validated once those commodities are exchanged for the universal equivalent (money)’. True enough, Murray does allow for the presence of social circumstances that affect, already in the sphere of production, the historically-specific determination of privately-undertaken individual labour as value-producing, particularly with regards to the *quantitative* determination of value as constituted by ‘socially necessary’ and ‘simple’ labour. However, and crucially, Murray leaves no doubt that, with regards to the primordial *qualitative* question of the determination of the socially-useful character of privately-undertaken individual labour (i.e. that fact that ‘it is social, because it produces for others’ [285], but for ‘unknown others’ [213]), his stance remains unequivocally circulationist.

In effect, Murray (2016, 27) agrees with Posner and Gonzalez that ‘human labour in the abstract is the substance of value where human labour is “practically abstract”, that is, wherever human labour is socially validated as human labour in the abstract’. But, in his view, the *ground* for this specifically-capitalist ‘way of recognising human labour’ lies in ‘*commodity circulation, the buying and selling of commodities*’, which ‘is the social practice by which concrete labour is *transformed* into “practically abstract” labour’ (433, emphasis added). In sum, despite Murray’s laborious efforts to set his ‘co-constitutive’ value-form theory apart from the ‘exchange-only’ variant, it nonetheless shares with the latter the main tenets which are the source of its failure properly to grasp the inner unity of the content and form of the social character of private labour and, therefore, of the determination of value as a historically-specific social form.

First and foremost, Murray fails to grasp the social character of privately-undertaken labour as an *immanent* qualitative attribute, capacity or potentiality of *living labour in act*. Hence, although it is certainly true that in commodity-producing society ‘there is no way to *tell* whether labour is “socially necessary” apart from the circulation of commodities’ (Murray 2016, 287, emphasis added), it does not follow that the *determination* of individual private labours as *qualitatively* effective organs of the social division of labour (only/also) *takes place* in the exchange process (be it exclusively, as in ‘extreme variants’ of circulationism or in Murray’s ‘co-constitutive’ role). Secondly, and concomitantly, Murray thereby seems to conflate the question of the social *constitution* of the *value-objectivity* as such, i.e. the *positing* of that qualitatively- and quantitatively-determined objective attribute of the socially-useful products of private labour which makes them ‘bearers of value’ or ‘exchangeable things’, with its necessary *outer mode*

of *expression* in and through the exchange relation. Indeed, the very idea of ‘co-constitution’ places both production and exchange on *equal footing* as two distinct ‘moments’ through which the process of ‘value-constitution’ must undergo before the social property of exchangeability becomes qualitatively and quantitatively determined as an ‘intrinsic’ attribute or aptitude of the products of private labour. In this sense, although, unlike the ‘exchange-only’ value-form theory, Murray’s ‘co-constitutive’ version might not entail what Freeman terms a sheer ‘ontological collapse’ between value and price (Murray 2016, 430), it does flatten out the ‘stratified’ difference between the *content* and *form* of the value-determinations. In other words, as Likitkijssomboon (1995) puts it in an early critique of Reuten and Williams’ (1989) value-form theory, Murray also seems to end up collapsing different systematic levels of abstraction.

These two substantive issues dovetail with a couple of additional methodological remarks that Murray makes in his critique of ‘production-centred’ perspectives on value as a social form. The first one is that the latter tend to spurn the idea of real potentiality as a metaphysical hoax (Murray 2016, 428–29). More concretely, this would involve the rejection of the idea that ‘the commodity’s value is an intrinsic potential prior to its sale’ (428), whose existence is ‘merely “latent” upon the completion of production and the ‘determination of [which] [...] is impossible without measurement’ in money (453).

Now, we think that here Murray conflates two clearly distinguishable issues, which are by no means mutually implied. Or rather, they are so only by virtue of Murray’s particular stance on the meaning of ‘real potentiality’. In fact, our own methodological perspective relies on this very notion without, however, leading to any circulationist leanings concerning the determination of value. More specifically, and as argued at greater length elsewhere (Caligaris and Starosta 2014; see also Chapter 3 in this book), dialectical thought ideally appropriates every form-determination of reality by facing it as embodying a qualitative potentiality, or determinacy, whose necessary realisation involves its self-development or self-transformation into another, more concrete form of existence. Moreover, it further grasps this first qualitative potentiality as the concrete form in which an even more abstract form-determination of reality realises its own qualitative potentiality, that is, its real necessity. Thus, dialectical thought proceeds by discovering as *immanent* in a particular concrete form the realised potentiality of another real form, which is abstract (or simpler) with respect to the first one, but concrete (or more complex) with respect to another form, of which it is the realised potentiality. In other words, dialectical thought grasps each form as the *affirmation through self-negation* of another, more abstract one (hence, as immanently carrying the necessity which drives them to self-movement). Important implications follow from this.

First and foremost, the more abstract form, which constitutes the *content* of a ‘sensuously’ immediate concrete *form* of reality is not, as Murray (2016, 440) puts it, simply the product of what Hume conceived of as a ‘distinction of reason’. Thus posed, it would seem as if the difference between diverse ‘aspects’ or ‘moments’ of a certain phenomenon, whose immanent unity comprises the content and form of its determination, were a matter of mere ‘subjective reflection’ or ‘mental abstraction’,

with no *objective* actuality other than that which is eventually acquired in its most immediate or ‘sensuous’ form of existence.¹⁰ More concretely put, Murray appears to imply that the substance and magnitude of value, value as such and exchange-value, only acquire ‘full’ objective actuality in the form of price and, more precisely, in the effective market price at which the commodity is sold (440). In other words, the differentiated mode of existence between those actual aspects of reality would be solely a ‘distinction of reason’. However, it seems to us that Murray is construing a false dichotomy between two equally one-sided views: the Humean reading of the connection between the different aspects of a phenomenon that he endorses, and the flawed procedure of what, following Hegel, he calls the ‘understanding’, which represents the manifold forms of reality as a universe of absolutely indifferent and ‘ontologically’ independent or self-subsistent entities.

In contradistinction to both views, we think that a properly dialectical perspective must come to grips with the full objectivity of the more abstract inner content of phenomena which, albeit necessarily *cognised by means of thought*, is as *objectively actual* as its outer manifestation in an immediately sensuous form. In other words, the self-negating development of the potentiality that defines an abstract form, into a more concrete form of existence, does not imply the passage from something still falling short of ‘full’ existence into ‘proper’ actuality. Rather it involves the self-transformation of the *mode* in which something already (and simultaneously) exists as both an actuality and a potentiality: the realised or actualised mode of existence of a more abstract or simpler potentiality, which consists precisely in a newly emerging more concrete or complex potentiality yet to be realised. In our view, by contrast, Murray’s formulation tends to confound *real potentiality* with *real possibility*.¹¹

Against this backdrop, one could argue that Murray conflates the idea of value as fully determinate potential or potentiality already constituted in production, which is necessarily activated, and thereby outwardly or sensuously expressed, in and through the exchange relation, with the very different notion that the product of private labour acquires in production the ‘possibility of having value’, with effective exchange or circulation finally resolving whether that possibility is realised or not, or in which magnitude it does so. But possibility is not the same as potentiality. More concretely, possibility is the form taken by necessity when a certain phenomenon embodies two different potentialities whose concurrent realisation is mutually exclusive, i.e. something that could or could not be (Hegel 1999, 546–47; Ng 2017; Iñigo Carrera 2013, 258ff.).

In this sense, we have already noted that value-positing is indeed a possibility for private labour and not a simple necessity, i.e. it is not ‘guaranteed’. However, the resolution of that possibility already takes place at the moment of the organisation and execution of the immanent social character of private labour; it is a determination of *living labour in act*. Thus, the potentiality of the *material* expenditure of privately-undertaken abstract labour, *if* expended in a *socially-useful* fashion and with the *socially necessary* conditions of productivity and intensity, is actualised, *already in the sphere of production*, in the self-negated form of the purely social property of ‘exchangeability’ of the product, i.e. in the social form of value.

Upon the completion of privately-undertaken production, value is no longer a possibility but an already actual and determined potentiality. As we have also pointed out, what remains 'latent' in production is, therefore, not the qualitative and quantitative *constitution* of value, but the outer *expression or manifestation* in a sensuously (hence socially) recognisable form. In other words, the exchange relation serves as the vehicle for the expression of already-constituted yet 'hidden' value, in the self-negated form of exchange-value, i.e. in the shape of the direct exchangeability of a certain quantity of the use-value of the commodity acting as general equivalent or money.

Conclusion

As argued in the previous chapter, most contemporary readings of Marx tend to take at face value the terms in which Rubin approached his idiosyncratic understanding of chapter 1 of *Capital*. In a nutshell, this means accepting the argument that insofar as abstract labour is the substance of value, the only way to avoid the naturalisation of the latter is to see the former as a historically-specific phenomenon. In fact, so much has 'Rubin's dilemma' become the virtually universal upheld view, that even contributions which go to great lengths to remain true to the unequivocal textual evidence that Marx saw abstract labour as a physiological productive expenditure of human corporeality, eventually succumb to the 'categorical imperative' to accept the claim that abstract labour must be, at least in some sense, a historically-specific social form.

By contrast, our own detailed reconstruction of Marx's dialectical exposition of the value-determinations has shown that what defines commodity-producing labour is not its abstract character, but the private form taken by the organisation and execution of its immanent general social character. It is this latter historically-specific mode of existence of social labour that makes the physiological materiality of objectified abstract labour become socially represented in the reified, purely social form of value of its product. Seen in this alternative light, the first chapter of this book argued that Rubin's dilemma and its uncritical contemporary reception prove to involve a spurious, unmediated connection between abstract labour and value.

Presumably partly by virtue of the influence of Rubin's own attempted solution to the dilemma, and partly due to the seeming 'safety' against the risk of naturalisation of value associated with the old 'Ricardian' production-centred reading, a great deal of the contemporary literature tends to lean towards a 'circulationist' approach to value. In this chapter, we have taken issue with the different variants of this perspective, whether the more 'extreme' version or the more nuanced views which are at pains to give production its due place in the constitution of value as a social form. Moreover, we have critically discussed those production-centred alternatives which emphatically reject both the circulationist approach and the asocial stance of value characteristic of the old Ricardian reading. As we have seen, these latter views also fail to offer a rigorous production-centred and non-naturalistic grasp of the value-determinations.

Concerning ‘circulationism’, we have fundamentally argued that its main shortcoming is that it reduces the *social constitution* of the nexus between commodity producers to its necessary *form of manifestation* (hence *mediation*) in and through exchange. Privately-undertaken production is thus deprived of all *immanent* social character. On the other hand, we have seen that a sound overcoming of these limitations cannot revolve around the explanation of the social character of the immediate production process by its subsumption to capital, as most critics of circulationism end up doing. This would involve the fallacious procedure of necessitating the category of capital to account for the value-determinations. In opposition to both views, we have argued that the key to understanding value as both social and grounded in production resides in the recognition that at stake in value-positing is the ‘unconscious’ organisation of the determination of privately-undertaken labours as successfully integral individual organs of social labour; a fact which, albeit not ‘guaranteed’, becomes established in the sphere of production. Circulation only involves an *a posteriori* visible form of general social recognition of this process. It performs this necessary yet *mediating* role, through the inverted outward expression of the inner social property of exchangeability intrinsic to each individual socially-useful product of private labour, as the immediate social power of the general equivalent.

Appendix

Brief remarks on the magnitude of value

So far, we took issue with ‘circulationist’ arguments about the qualitative determination of value. In this appendix, we shall briefly examine those arguments but in relation to its quantitative determination. Succinctly put, the circulationist approach considers that the meaning of ‘socially necessary abstract labour-time’ (hereafter, SNALT) does not only refer to the material conditions of production but also to the effective solvent social need for a definite use-value. The magnitude of value would thereby not be fully determined until ‘effective demand’ eventually validates in circulation how much of that privately-undertaken production becomes part of the total social labour. In line with our previous argument, we shall also maintain that the circulationist approach confounds the content of the determination of the magnitude of value with its necessary concrete form of realisation. Our own argument will be structured through a reconstruction of Marx’s exposition.

In chapter 1 of *Capital*, Marx discusses the magnitude of value solely as a corollary of an investigation whose guiding thread lies in its qualitative determination. Consequently, his discussion does not go beyond a formal-analytical indication of the inner content of value’s quantitative determination and the elucidation of the necessity of its outward form of manifestation in the body of the equivalent. Specifically, Marx’s initial analysis of the exchange relation shows that value abstracts from all qualitative differences, so that its substance must also be qualitatively homogeneous. However, the analysis of the magnitude of the substance of value confronts us with two qualitative differences, namely: the productivity and intensity of labour. In this context, Marx simply makes the formal observation that the qualitatively-undifferentiated character of the substance of value implies that the singularity of each productive action, which involves individual material differences in the aforementioned two features of labour, must thereby socially count as identical to any other individual expenditure of human labour-power, i.e. as an aliquot part of the total labour-power of society or as an ‘average sample of its kind’ (Marx 1976a, 130).

This is all that Marx says, and actually all that could be said from the viewpoint of the systematic-dialectical exposition, concerning the quantitative determination of value, at least until chapter 3. In effect, we have already noted that the analysis can only uncover the ‘what’ of a determinate phenomenon. But only the synthetic development of the unity between the discovered content and its concrete forms of

existence can account for the ‘why’ and the ‘how’. Nevertheless, one could wonder whether the discovery of private labour which marks the specificity of the capitalist organisation of social labour could cast additional light on the ground of the magnitude of value. More concretely, the question is how can the social recognition of the quantity of necessary labour be established in a society with no direct collective power which could determine the productivity and intensity with which to exert the labour-power possessed by the different individuals? In these circumstances, the only way the normal conditions of production can assert themselves is through the constitution of an average out of the multiplicity of diverse independent singularities which tend to converge towards the said normality (Iñigo Carrera 2021, 49).

Two additional issues must be thrown into relief. First, no matter how concise Marx’s discussion of the magnitude of value in chapter 1 of *Capital* is, the point remains that the *content* of the quantitative value-determination has been fully unearthed by that stage. In this sense, nothing in the subsequent systematic exposition can alter the initial potentiality of the commodity. The only thing that could change and be brought more fully into view, is its necessary *form of realisation*. Second, Marx’s (1976a, 131) presentation in chapter 1 already shows that for the product of labour to be a bearer of value, it must be a *social use-value*, i.e. it must satisfy the need of a different individual from its producer. From the standpoint of *commodity-producing labour*, this means that it must be *useful for others*. That is why one could legitimately refer to a second sense in which commodity-producing labour must be ‘socially necessary’. However, this has absolutely nothing to do with the determination of the magnitude of the commodity’s value. Yet, circulationist readings conflate these two clearly different meanings to assign ‘effective demand’ a role in the quantitative determination of value. But the latter is a phenomenon of circulation, which we have already seen has no place in the constitution of value as a social form. In fact, at this initial ‘level of abstraction’ the dialectical presentation has not even led to face such thing as ‘demand’, so it could hardly enter as an element of the simplest content of value. At stake in chapter 1 is only the *expression* of value, and therefore the *constitution of the price-form as such*. ‘Demand’ has the latter as its systematic premise; it concerns the concrete form of realisation of the price-form in the effective practical movement of the circulation of commodities.

In this sense, it is crucial to distinguish among the different systematic steps in the constitution, ideal expression and effective realisation of the determinations of value. To do this, in the 1859 *Critique*, Marx differentiates between what he calls the ‘theoretical phase of circulation of commodities’ and the actual circulation process. The ‘theoretical phase of circulation’ of commodities is then deemed ‘preparatory to real circulation’ (Marx 1987, 303), since the latter can only take place once, ‘as a result of the establishing of prices, commodities have acquired the form in which they are able to enter circulation’ (323). Only then (section 2 of chapter 3 of *Capital*) is the actual movement of circulation of commodities reproduced in thought, revealing the subsequent functions of money not as its preconditions (presupposed more abstract forms) but as its results (its developed concrete forms). By that point, the question no longer resides in elucidating the ‘what’ of the quantitative norm that constitutes the magnitude of value, but rather

in shedding further light, albeit preliminarily and incompletely, on the ‘why’ and, primordially, on the ‘how’.

As Marx (1976a, 189–90) stresses on the section on the ‘Measure of Value’, although the ‘price or money-form’ of commodities is a ‘purely ideal or notional form’ in which value is *expressed*, the latter is nonetheless *determined* by the (socially necessary) ‘quantity of human labour’ *materially* contained in (socially-useful) products as they emerge from production. Thus, the *unity between the immanent qualitative and quantitative determinations of value*, which constitutes the *objective* inner content that is *outwardly* expressed in the monetary form of the ‘normal price’ of a commodity, must evidently be the *systematic premise* of the formal possibility of, and actual necessity for, a ‘quantitative incongruity between price and the magnitude of value’ (196) *in circulation*. In other words, from a systematic-dialectical perspective, already-determined normal prices (both qualitatively and quantitatively) must constitute the explanatory presupposition of market prices that deviate from them by virtue of a disequilibrium between ‘supply and demand’ manifested in circulation (cf. Marx 2015, 298).

As a matter of fact, this methodological angle underpins Marx’s ‘thought experiment’ in chapter 3, through which he eventually follows the movement of the *effective* circulation of commodities. A certain number of pieces of linen arrive at the market *with their value already and solely determined* by the ‘materialisation of the same socially determined quantity of homogeneous human labour’ (Marx 1976a, 202) contained in each of them, which are in turn monetarily expressed in a ‘normal price’ of 2 shillings. On that basis, Marx *then* supposes that the ‘market cannot stomach the whole quantity’ of articles at that normal price, which *implicitly* leads, through the competition process among weavers, to a fall in the market price of the yard of linen below the magnitude of value.

Marx (1976a, 203) then closes his thought experiment with the observation that, from that moment on, he shall consider the phenomenon ‘in its pure shape’. This involves abstracting from the ‘abnormal loss or accretion of substance’ of value which may result from the ‘change of form’ of the commodity, if the latter ‘is not impossible to sell’ (203).¹² Marx thus leaves the matter at that and proceeds with the further unfolding of the individual commodity’s metamorphosis. However, there are a couple of additional points which could be made in this regard.

First, it must be stressed that it is not that the commodity ‘loses/gains magnitude of value’, but that its change of form *entails*, respectively, a ‘loss or accretion of value’ for the seller or buyer of that commodity. What one abnormally loses is what the other gains and vice versa. Second, and beyond Marx’s (1989b, 132) explicit focus, when circulation is grasped from the standpoint of the overall unity of social production and consumption, an additional quantitative meaning of ‘socially necessary labour’ comes to the fore. Briefly stated, there emerges another ‘quantitative norm’ in the articulation of the general social division of labour, namely: the proportional allocation of the total social labour into the different branches of production. This reveals that the establishment of the unity between social production and consumption entails a definite magnitude of what becomes determined as the *normal social need* for each kind of use-value. At this level of abstraction, this

corresponds to what is required for the reproduction of the productive attributes of commodity producers. Furthermore, this brings to view the organic character of each individual commodity as an aliquot part of the quantitatively-determined normal mass of commodities of a qualitatively certain type. From the standpoint of commodity-producing labour, this shows that the quantitative determination of value-production is not a process which simply concerns each 'isolated' commodity but pertains to the organic (sub)unity of each branch of social labour (Marx 1976a, 202; 2015, 302). Still, although this quantitative determination of the normal social need is *discovered* through the examination of circulation, it is an *immanent material determination of the organisation and execution of direct production*. As already argued, production is the point of the departure and ground of the unity of the process of metabolism and, therefore, also of social consumption.

Now, a partial overproduction of a certain kind of use-value *vis-à-vis* the normal social need does not imply that there has been no value-production corresponding to that excess 'supply'. Instead, it means that too much value has been produced compared to the normal scale in that sphere; or, as Marx (1976a, 202) puts it, that 'all these pieces taken as a whole [...] contain superfluously expended labour-time'. Thus, this value does not just simply vanish into thin air but is appropriated in another node of the social division of labour. In effect, the very existence of a normal inter-branch proportional distribution of social labour implies that the excess in value-production in one node must involve a correspondingly insufficient scale of value-production in another. The competition-driven divergence of market prices from normal prices that directly express the immanent magnitude of value 'constantly regulates this distribution' of 'necessary labour time [...] among the various spheres of production' (Marx 1989b, 132). Under these circumstances, and from the viewpoint of the unity of social production and consumption, *all privately-undertaken material expenditure of SNALT proves to have been socially-useful in a qualitative sense*. In terms of its 'purely social' representation as the 'exchangeability' of its product, the total mass of value materially borne by all *socially-useful* products of private labour is realised in circulation, although it is (partly) appropriated in different spheres from those in which it had been produced. In sum, the imbalance between 'supply and demand' is but the self-negating form in which the proportional distribution of social labour-time is established when mediated by generalised commodity production.

At this juncture, a final methodological observation is in order. Note that Marx's analysis in chapter 3 stops short at the indication of a necessity for a quantitative divergence between market prices and normal prices and does not unfold the adjustment mechanism which tends to eliminate the underlying imbalance between production and social need for the respective use-value. Presumably following his own methodological remark in the 1859 *Contribution* that the 'coming into being' of a 'market price differing from exchange value' must be 'solved in the theory of competition' (Marx 1987, 302), that mediating process is not fleshed out until Volume III, once Marx has already developed the exchange of commodities as the product of individual capitals determined as formally undifferentiated aliquot parts of the total social capital, i.e. through the formation of the general rate of profit. In

effect, the competition over the appropriation of the general rate of profit is the concrete form in which the requirements for the normal material reproduction of society are imposed upon capitalistic private producers (i.e. individual capitals). This applies both to the SNALT required to produce each commodity and to that which is needed for the total mass of commodities in the respective sphere of production.

As is widely acknowledged, the comprehension of this text is far from straightforward. From very early on, commentators have indicated that there are certain parts where Marx seemingly sees the movements of supply and demand as somehow determining the magnitude of value (cf. Rubin 1972; Rosdolsky 1977). This is why these passages are sometimes offered as textual evidence by contemporary circulationist readings or, alternatively, by ‘intermediate’ positions which claim that the market conjuncture defines which condition of production determines SNALT. We cannot examine this exegetical issue here in any depth. However, by situating in context those controversial passages, we would like to offer a reading which is consistent with the broader perspective spelt out in the previous two chapters.

First and foremost, it is to be noted that in those passages which are usually read as pointing to the determination of value by supply and demand, Marx (2015, 289; 295–96; 301) always refers to *extremely exceptional circumstances*. By contrast, in normal circumstances, which include conjunctural imbalances between supply and demand, Marx is unequivocal that value is entirely independent of market conditions (291; 297–304). Moreover, concerning those extreme circumstances, Marx never speaks of ‘value’ but of ‘market value’. The latter does not seem to imply an immediate quantitative identity with so-called ‘social value’, as evidenced by Marx’s subsequent discussion of agrarian production, where he states that the ‘law of market value’ implies the existence of a ‘false social value’ (817). For these reasons, we do not find his rather ambivalent recourse to the category of ‘market value’ persuasive (or necessary for that matter). In this sense, in our reconstruction of Marx’s manuscripts, we shall treat so-called ‘market value’ as synonymous with the ‘normal direct price’ of commodities, i.e. as the simplest monetary expression of their social value, which is what Marx does when considering the normal conditions of commodity exchange (291–93).

Marx analytically distinguishes between intra-branch competition, which mediates the realisation of the social value of commodities, and inter-branch competition, through which prices of production come about. That latter presupposes the distinction between such social values and market prices (Marx 2015, 304). Regarding intra-branch competition, Marx distinguishes between an individual value, which expresses the privately-undertaken individual labour-time embodied in a commodity, and a social value, as the social representation of the latter which is determined as socially necessary. In turn, insofar as the point is to mediate the actualisation of the social value through competition, it is necessary to distinguish between a market price, which is the immediately visible mode of existence of value, and a *normal direct price* (i.e. Marx’s ‘market value’), as the simplest monetary expression of social value in circulation, which is the gravitational centre around which the former fluctuates.

Now, commodities reach the market as the result of diverse conditions of production. Consequently, their normal price or market value will reflect the average of their respective individual values. Hence, if commodities produced under mean conditions have the greater weight, whilst those in the respective ends of the spectrum cancel each other out, the market value will be ‘regulated’ (in the simple *arithmetic* sense) by the former. By contrast, if any of the extreme conditions is predominant, they will have the ‘upper hand’ in the constitution of the market value. As Marx (2015, 289) observes, individual capitals will consequently gain/lose value to the extent that the individual value of their commodities stands below/above the resulting market value.¹³ Through these divergences, the norm that constitutes SNALT is imposed upon individual capitals.

Once the formation of the market value has been elucidated, it remains to be considered the mode in which the former takes concrete shape through market prices. Another quantitative difference emerges, but now concerning the normal conditions for the unity between social production and consumption. In other words, at stake here is the relation between the total social labour that has been privately expended in the production of a certain kind of use-value, and the normal magnitude of the (solvent) social need which is meant to satisfy. An imbalance will be expressed through a divergence between the respective market price and the normal price or market value which constitutes the simplest monetary expression of the social value (Marx 2015, 291; 297–304). Thus, this divergence between an already-constituted market value and market prices, which will also be expressed in the individual capital’s capacity to obtain the average rate of profit, will be the mode in which the *normal* magnitude of social labour which must be allocated to a certain branch of production, will be imposed upon individual capitals.

Notes

- 1 For an in-depth assessment of Rubin’s work, see Kicillof and Starosta (2007) and Starosta (Forthcoming). As argued in those articles, Rubin cannot be simply read as a precursor of the circulationist perspective on the value-form; as a matter of fact, it is possible to find in his work a more production-centred approach. However, the seeds of the former perspective are certainly there, so that there is a tension running through Rubin’s work. Thus, circulationist formulations (fundamentally, when discussing the *qualitative* determination of value, i.e. the problem of its *constitution* or *genesis* as a historically-specific, reified form of social mediation) uneasily *co-exist* with other places where the opposite perspective seems to prevail (primordially with reference to the *quantitative* determination of the *magnitude* of value).
- 2 Here we shall focus solely on the general thrust of Heinrich’s approach which shares in the most common substantive arguments of the broader circulationist strand of thought. In other words, we shall not engage with the excessively idiosyncratic and overly polemic aspects of his textual exegesis of Marx’s *Capital*. For a detailed critical examination of the philological and exegetical weaknesses of Heinrich’s reading, along similar substantive lines as the ones adopted in this chapter, see Moseley (Forthcoming).
- 3 In a similar vein, a person can engage in a conversation in English (i.e. establish a ‘communicative relation’ with another English speaker) by virtue of being already ‘immanently’ determined as an Anglophone prior to and outside the conversation itself. The constitution or positing of the general aptitude or potentiality to speak English

must thereby be a presupposition of the actualisation or activation of that ability in a particular conversation with another Anglophone. Surely this must be the implication of Marx's (1976a, 149) dictum that 'the properties of a thing do not arise from its relations to other things, they are on the contrary, merely activated by such relations'. In other words, relations merely activate and express potentialities or capacities intrinsic to 'individual entities', they do not engender them. That at stake here is a social rather than a natural property is immaterial in this regard. In this sense, a commodity can take on the 'non-natural' role of the direct material incarnation of abstract socially necessary private labour in opposition to the commodity in the relative form, for being such bearer of value itself *prior to* entering a value-relation and 'subsequently' playing the social role of equivalent in the value-expression of the other commodity. The different 'moments' of these determinations in their unity are nicely and concisely captured in the following passage by Marx from the *Theories of Surplus Value*:

But for commodities to express their exchange value independently in money, in a third commodity, the exclusive commodity, the *values of commodities* must already be presupposed. Now the point is merely to compare them quantitatively. A *homogeneity* which makes them the same – makes them values – which as values makes them qualitatively equal, is already presupposed in order that their value and their differences in value can be represented in this way [...]. Otherwise it would be impossible to solve the problem of expressing the value of each commodity in gold, if commodity and gold or any two commodities as values were not representations of the same substance, capable of being expressed in one another. In other words, this presupposition is already implicit in the problem itself. Commodities are already presumed as values, as *values* distinct from their use values, before the question of representing this value in a special commodity can arise.

(Marx 1989a, 321)

- 4 As we have seen in the previous chapter, the 'expression of equivalence between two different sorts of commodities [...] brings to view the specific character of value-creating labour' by reducing 'in fact' the different concrete labours embodied in two heterogeneous commodities to '*what is really equal in the two kinds of labour*' (Marx 1976a, 142, emphasis added). Heinrich's circulationist understanding of this sort of recurring formulation in Marx's *Capital* is flawed in at least two main respects. First, he replaces the idea that the exchange relation brings to view (i.e. outwardly expresses in a socially-recognisable manner) the specific character of value-creating labour, with that which considers that it brings the latter into *existence*. Second, and concomitantly, that 'common quality of being human labour in general' is not seen as a characteristic that the different kinds of useful labour *have* in and of themselves, and which thereby constitutes what *is* really equal in them at the only moment in which they objectively and materially exist *as labour*, i.e. in the sphere of production. Note, moreover, that this is also true of the historically-specific significance of the abstract character of labour in the organisation of the unity of social production and consumption: individual private labours relate as organic elements of the total labour of society on the basis of their common physiological quality as human labour in general already at the point of production. Instead, his argument implies that 'this equal counting of the various types of labor is not something preexisting [...] it is *only through exchange* that the abstracting from real inequality takes place, creating the equality of labor activities' (Heinrich 2021, 156–57). In brief, he is led to conclude that an aspect of labour *comes into existence* when labour as such *no longer exists*.
- 5 The following section draws on Starosta (Forthcoming).
- 6 For instance, an exam validates whether a student already had knowledge of the respective subject as an 'immanent' quality of their subjectivity before submitting their paper. Considered the matter in its 'purity' (i.e. abstracting from nervousness during the

exam, cheating, unfairness in marking, etc.), if they did have that knowledge, they would pass; if they did not, they would fail. The exam is undoubtedly necessary to mediate the outer expression of that 'inner' personal attribute in a socially-recognisable form, but does not engender that knowledge-content, which can only be posited by an action (i.e. studying) that precedes that of taking the exam. On the other hand, when the matter is not analysed 'in its purity' (i.e. under the assumption of an immediate identity between content and form of the determination at stake), but with all the mediating circumstances entailed by the *concrete form* in which knowledge is manifested in the alienated (hence inevitably antagonistic) institutional practice of 'the formal act of assessment', the possibility arises for a 'quantitative or qualitative incongruity' between intrinsic knowledge-content and its necessary outer form of expression (compare Marx 1976a, 196–97, concerning the analogous relationship between value and price). Thus, the external measurement of the quantity of knowledge-content in a socially-recognisable form, i.e. the 'realised grade' obtained, might deviate from its immanent magnitude (determined, let us say, by the 'socially necessary exam preparation time'). Or, in the case of uncaught cheating or plagiarism, there could be a sheer qualitative contradiction between content and form.

- 7 We critically examine Kliman's perspective below.
- 8 Space restrictions do not allow us to make a comprehensive assessment of all existing contributions which deliberately seek to offer both a non-Ricardian and non-circulationist approach to the determination of value as a social form. We shall thus focus on the two which, we think, have provided the most sophisticated interventions and which, furthermore, have engaged in an explicit debate with each other.
- 9 As a matter of fact, it is unclear to us whether Murray himself would see his own stance as differing from Heinrich's which, for reasons fleshed out earlier in great depth, is unequivocally circulationist. Apart from Sohn-Rethel (1978), his explicit (yet still unsure) references to what he might see as more recent 'extreme circulationist' contributions come down to Eldred and Hanlon (1981), and Kay and Mott (2004). Moreover, he mentions that all other authors with whom Kliman, Posner and Gonzalez critically engage with (for instance, Geert Reuten and Chris Arthur), also hold a co-constitutive view.
- 10 We must admit that we find Murray's analogy between Hume's 'distinctions of reason' and Hegel's 'moments' rather odd. For whilst Hume explicitly conceives of the former as the products of subjective reflection, Hegel sees the latter as constitutive of the actual form-determinations of the object of cognition (Westphal 2005). Thus, right at the outset of his *Science of Logic* he already chastises the 'reflective understanding' which 'behaves as ordinary common sense and imposes its view that truth rests on sensuous reality, that thoughts are only thoughts' (Hegel 1999, 45).
- 11 The explicit conceptualisation of value-positing in production as '*real or concrete possibility*', whose realisation would be still pending until exchange, can be found in the work of Bellofiore (2018, 535).
- 12 Were the product of private labour quite simply 'impossible to sell', it would mean that it was not a social use-value nor, therefore, bearer of value, from the very outset in production.
- 13 As we shall see in Chapter 8, this process only involves normal capitals, i.e. those which partake in the active development of the productive forces by virtue of their scale, in contrast to what we shall term 'small capitals'.

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3 Systematic and historical modes of explanation in the critique of political economy

A methodological contribution to the controversy over the commodity nature of money

Introduction

This chapter discusses Marx's account of the genesis of money in the first two chapters of *Capital* from a methodological perspective. In particular, it focuses on the connection between systematic development and historical explanation in the dialectical exposition. To do so, we set our discussion within the frame of an interesting and extended academic debate on the essential nature and historical origins of money which took place a couple of decades ago among Marxist political economists and economic sociologists (Dodd 2005; Fine and Lapavistas 2000; Ingham 2001; 2006; Lapavistas 2005; Zelizer 2000). Among the various controversial issues that emerged in the debate, we would like to centre on the exchange between Costas Lapavistas and Geoffrey Ingham on the essential nature of money. These two authors represented, respectively, the view according to which money fundamentally is a commodity and originates in commodity exchange, and that which claims that it primordially is a token claim on goods founded on public authority. Of course, these opposing perspectives on money have a longstanding lineage in the history of monetary thought. As Schumpeter (1918, 649) eloquently puts it, these are the 'only two theories of money which deserve the name'.

The controversy between Lapavistas and Ingham constitutes a helpful and relevant scholarly frame for discussing the nature of money not only for incorporating relatively recent research and arguments in support of, and against, each of the two contrasting perspectives in this longstanding debate. It also stands out for bringing to the fore and calling into question Marx's original account of the genesis of money. More importantly for the theme of this chapter, these authors sought to ground their own approach to money in both theoretical and historical arguments, which ended up giving the discussion a strong *methodological* edge. As Ingham (2001, 306) himself acknowledges with reference to the prior 'incarnation' of this debate in the so-called German *Methodenstreit* between the late 19th century and the early 20th century, at the heart of the polemic lies 'the dispute over the "logical" and "historical" origins of money'.

To structure our own argument, this chapter is organised in the following manner. After revisiting the main theoretical and empirical arguments put forward by the main participants in this controversy, we conclude, in agreement with Lapavistas,

that money must be effectively considered a commodity and, furthermore, that as argued in Marx's *Capital*, its genesis must be searched in the immanent contradictions of commodity production. However, based on a critical examination of Lapavistas's perspective, we show that his defence of the Marxian approach leaves many weak flanks and does not stand on firm ground. Crucially, we trace the source of those weaknesses in the 'logical-historical' method that (implicitly) informs his reading of Marx's *Capital*.

Against the backdrop of these limitations in Lapavistas's approach, we suggest that their overcoming involves a clear and rigorous distinction between 'systematic development' and 'historical explanation' of 'economic categories' in the critique of political economy. Moreover, and here in agreement with the so-called 'New Dialectics' literature (Arthur 2002; 2022; Moseley 1993; Moseley and Campbell 1997; Reuten 2019; Smith 1990),¹ we argue that the explanation of the genesis of money in the exchange of commodities must be provided in fundamentally *systematic* terms. However, we part company with this recent methodological literature in that we think that it fails to offer a convincing account of the actual part played by the historical strand of explanation that Marx included in *Capital*. In other words, this literature does not offer solid arguments to make sense of Marx's (1973, 460) well-known methodological remark from the *Grundrisse* according to which 'our method indicates the points where historical investigation must enter in'. In contradistinction to 'New Dialecticians', we submit in this chapter that, in effect, historical explanation plays a necessary role in Marx's dialectical exposition in *Capital*. More specifically, we argue that the explanation of the genesis of money precisely is one of those points 'where historical investigation must enter in'. The key issue, which is where we feel Lapavistas misses the mark, is *why* and *how* historical explanation must enter the stage. This alternative argument is fleshed out through a methodologically-minded reconstruction of the Marxian account of money in the first section of *Capital*.

Lapavistas and Ingham on the nature of money

The article that inaugurated the polemic was already quite expressive of the methodological angle that the subsequent discussion would later adopt. Thus, Fine and Lapavistas (2000) postulate in their original contribution that a general theory of money must be based on the 'logical derivation' of its origin'. More specifically, it needs to 'logically demonstrate how and why exchangeability becomes monopolized by the money commodity' (365). According to Fine and Lapavistas, this explanation can be found in Marx's development of the form of value in section 3 of chapter 1 of *Capital*. However, to the extent that these authors see Marx's exposition as involving the *historical* genesis of money and not just its actuality in capitalism, they further maintain that such unfolding of the form of value must be reconsidered in abstraction from the substance of value (367). Thus, they put forward an explanation of the origin of money which starts with the simple exchange of products, whereby the necessity fully to express the value

of a commodity leads to its expanded manifestation in multiple commodities. Subsequently, to the extent that one particular commodity increasingly becomes designated by the rest as the expression of their value as the exchange process develops further, it ends up acting as the general equivalent or money (366). In sum, it is the intrinsic dynamics of commodity exchange which lead to the emergence and consolidation of a particular commodity as the general expression of the value of the rest of commodities.

Ingham's (2001) initial intervention aims his critique at this conception of the nature of money as a commodity which, moreover, would have originated in the exchange process. According to his alternative sociological approach, the nature of money lies in its quality as a 'pure token *claim* against goods', whose main function is to act as 'the means for the final – that is, unilateral – payment or settlement of debts, the most important of which are tax debts to the state' (306). In other words, regardless of its 'phenomenal form' money is seen essentially as *credit*. In turn, this essential nature of money as a promise to pay is incarnated in the particular 'item' that the public authority directly establishes as '*the means of accounting for value (money of account)* and the *various means or forms of the representation of abstract value* (abstract purchasing power that is accepted as means of payment/settlement of debt)' (307). Moreover, this conventional, state-sanctioned origin of money also lies at the basis of its *historical emergence*. Thus conceived, i.e. as the product of direct social relations between individuals, 'money of account is logically anterior and historically prior to the market' (309).

On these grounds, Ingham launches a critique of what he labels 'commodity-exchange theories' of money, epitomised in mainstream neoclassical economics. The main problem with that orthodox account, Ingham argues, is that it purports to explain an irreducibly *social* phenomenon on the basis of *individual instrumental rationality*:

However, it is not so much a question of whether it is advantageous to use money if others do, but rather that agents cannot use money unless others do likewise. To state the sociologically obvious: the advantage of money presupposes monetary institutions.

(Ingham 2001, 308)

On the other hand, to reject the idea of the historical origin of money in commodity exchange, Ingham refers to certain studies which attempted to demonstrate that money had functioned as a pure 'money of account' in non-mercantile contexts. Among them, Ingham focuses on Grierson's (1977) analysis of the institution of *wergeld* in Germanic tribal societies. This institutional arrangement involved the establishment of a system of 'tariffs for the precise measurement of debts to be paid in compensation for injuries and damages' (Ingham 2001, 310), which took place in public assemblies. Regardless of the actual 'stuff' which functioned to settle those 'debts', which could comprise diverse articles, all compensations for injuries were measured on a scale of tariffs denominated in the same 'unit of account'. Hence, in these non-mercantile historical contexts, money seemed to

have functioned as *means of account* without (and before) serving as 'means of circulation' (310–11). Indeed, according to Grierson's account, 'the conditions under which these laws were put together would appear to satisfy much better than the market mechanism, the prerequisites for the establishment of a monetary system' (Grierson 1977, 20–21, cited in Ingham, 2001, 311).

In response to Ingham's criticisms, Lapavistas (2005, 392) insists that his own explanation of the nature of money 'is both materialist and Marxist because it shows money to be the outcome of social relations among commodity owners'. The latter are now specified 'as "foreign" individuals', i.e. who mutually relate in the exchange process based on 'the absence of pre-existing ties of kinship, hierarchy, tradition and morality' (392). However, in his response, Lapavistas clarifies that the explanation of the nature of money cannot be exclusively developed in *logical* terms. In effect, according to this author, the transition from the 'expanded' to the 'general' form of expression of value, i.e. the genesis of money, entails an insurmountable contradiction from the point of view of the pure commodity exchange between 'foreign individuals'. Money, Lapavistas continues, 'represents asymmetry among commodities [...]. But commodities are intrinsically symmetric as objects of trade' (393). Consequently, this view leads him to conclude that the transition (alongside the ensuing asymmetry between money and 'ordinary' commodities that it involves) must incorporate 'extra-economic factors'. In other words, the emergence of money must be accounted for 'partly from economic processes and partly from non-economic relations, including social custom' (394).

Lapavistas then turns to the critique of Ingham's views, which can be summarised in the following three points. First, he points to the 'extremely tenuous', 'arbitrary' and 'misleading' link between money's postulated function as 'abstract unit of account' and 'credit relations' (Lapavistas 2005, 396). Second, he notes that the historical evidence presented by Ingham is beset with ambiguities and points out that 'merely showing that the unit of account happens to be differently denominated from the means of exchange is no such evidence' (396). At any rate, what Ingham should have demonstrated is 'the existence of money of account that did not originally function as means of exchange, i.e. money of account with purely ideal units, products of human consciousness alone' (396). Finally, and third, Lapavistas criticises Ingham for conflating the functions of 'measure of value' and 'standard of prices'. Money, he clarifies, 'acts initially as ideal measure of value, but if exchange is to have economic content, money must also act as standard of price in practice, thereby rendering prices real' (397). In this sense, it is no wonder, Lapavistas adds, that when we examine the real course of monetary phenomena throughout history, it transpires that 'the conventional aspect of the standard of price is associated with the physical aspect of the money stuff as well as the social customs that surround its use as plain commodity' (398). For all these reasons, he concludes, 'Ingham's favoured approach faces insuperable difficulties in developing a logical account of how such an ideal unit could have been devised in practice' (399).

In his rejoinder article which formally draws the debate to a close, Ingham (2006, 262) persists in his argument that simple commodity exchange cannot

generate a money-commodity and reiterates that Lapavistas's stance on the matter is 'indistinguishable in its analytical structure from the orthodox neoclassical economic creation myth of money's origins in barter exchange'. However, he now acknowledges the limitations of an argument that relies on historical evidence to settle the question since, by virtue of the inherent limits to this kind of evidence, 'the precise historical origins of money will never be known' (262). Still, he maintains that 'any analytical construction of money's logical conditions of existence must be consistent with historical knowledge – however inadequate this may be'. In this sense, although Lapavistas accepts the need to have recourse to history to produce a general theory of money, the evidence he provides barely goes 'beyond references to "social custom" and the reiteration of the commonplace assertion that commodity exchange arose when communities came into contact' (265).

The methodological limits of the explanations put forward in the debate

At this juncture, the debate seems to have reached a dead end. Both authors seem to concede that the initial arguments offered to make their respective cases about the nature of money fall down. In effect, Lapavistas ended up admitting that his explanation of money cannot be, as demanded at the beginning of the polemic, of a purely 'logical' character. For his part, Ingham concluded that his own account cannot actually be confirmed by available historical evidence, which was the main thrust of his initial intervention.

More specifically in the case of Lapavistas, the shortcomings of his initial stance are blatantly patent in his eventual recognition that, in order to explain the origin of money, the argument inevitably needs to bring in *relations of personal dependence*. Yet, this kind of social relations stand absolutely opposed to the essential character of pure commodity relations, which should be the only kind entailed by the 'logical derivation' of the expression of value in the form of exchange-value, i.e. in and through the exchange relation between different commodities. In this sense, one could argue that in his response to Ingham, Lapavistas confronts an insurmountable tension: either he sticks to the idea that money springs solely from exchange relations between simple commodity owners, but fails to dodge Ingham's accusation that this kind of explanation hardly differs from neoclassical economics; or, as he ends up doing, he grants that in order fully to account for the genesis of money the recourse to 'extra-economic' relations cannot be avoided. But the latter amounts to validating Ingham's point that money cannot be logically derived from commodity exchange and, furthermore, that indirect relations through the commodity-form are ultimately grounded in *direct* social relations.

However, Ingham's own perspective is not free from difficulties either. At first, his argument mostly rested on empirical claims about socio-historical experiences unrelated to commodity exchange, which appear to accommodate the requirements of a sound explanation of the genesis of money better than the respective accounts of neoclassical economics or Lapavistas. However, when scrutinised more closely, those pieces of empirical evidence proved not to be as conclusive as

initially intended. Above all, the money of account used in those non-mercantile societies indicated by Ingham did not necessarily become money which functioned as a pure promise to pay; or rather, that transition is precisely what needs to be explained. More importantly, in all the historical examples that Ingham brings up, such money of account always refers to a product of labour; quite remarkably, to the kind of product which accounts such as Lapavitsas's identify as the kind which emerges as money out of the exchange process (for instance, silver –by virtue of its physical features–, or wheat –due to its condition as the most widely exchanged commodity). At this juncture, it is striking that Ingham fails to mention the existence of what Grierson (1978, 10) himself calls 'money substitutes', i.e. commodities that replace money of account in the exchange process. As a matter of fact, this alone indicates the extent to which commodity exchange had developed in historical conjunctures in which 'pure' money of account had allegedly emerged. In turn, it calls into question the supposed impossibility for money to develop out of the process of exchange. In this sense, it seems that for Ingham one can only speak of money proper when a legal standard of prices comes into being, which leads to an utterly tautological explanation: money emerges as a legal standard of prices because money is, *ex definitione*, a legally-established money of account. Still, if as he ends up declaring, the historical origin of money will never become known with any certainty, all empirically-grounded discussion over its emergence turns out to be rather otiose.

In sum, in light of this controversy between Ingham and Lapavitsas, the task of providing a sound explanation of the nature and genesis of money, be it 'logical' or 'historical', appears to be, quite simply, beyond reach. Yet, we think that this *substantive* impasse in the search for a valid explanation of money as a social form is not an insurmountable barrier to rational knowledge but expresses the flaws in the *form* in which *both* authors approach the subject matter in question. For regardless of all discrepancies in their stances and conclusions on the nature of money, they share a similar view of what a proper explanation should be, namely: one in which the logical and the historical approaches to the emergence and constitution of a certain social phenomenon go hand in hand to form a single, undifferentiated account. In other words, implicit in both authors is the view that the sequence of systematic 'moments' or determinations whose unity constitutes the present-day reality of social phenomena matches the series of stages undergone in their historical development. However, as we shall argue in what follows, this perspective is *methodologically* flawed from the standpoint of the critique of political economy.

Indeed, in the past decades, this issue has been at the centre of methodological discussions within Marxist theory, especially among scholars coming from the so-called 'New Dialectics' approach. Despite the diversity of views within this current of thought, all these scholars share a critical view of the kind of methodological conception that is implicit in both Lapavitsas and Ingham. As 'New Dialecticians' have pointed out, a similar conception had been part and parcel of the Marxist common sense prevailing in debates over the dialectical method throughout most of the 20th century. As they have also noted, the origin of this methodological perspective

can be traced back to some remarks in the work of Engels. More specifically, in one of his renowned reviews of the 1859 *Contribution to the Critique of Political Economy*, Engels (1980, 475) observed: ‘Even after the determination of the method, the critique of political economy could still be arranged in two ways – historically or logically.’

‘New Dialectics’ scholars’ critique of this Engelsian methodological conception has focused on its implications for the understanding of the architecture of *Capital*. In particular, they have called into question the notion that the first section of Volume I corresponds to the analysis of a historically-existing pre-capitalist society of simple commodity producers, an interpretation that Engels (1991a, 103; 1991b, 1037) himself suggested in some of his writings. This misguided conception involved not only an empirically inaccurate characterisation of capitalism’s pre-history but also led to an impoverished understanding of Marx’s value theory for capitalist society. Whilst several highly-influential authors like Kautsky (1903, 5), Lenin (1977, 27), Hilferding (1949, 195), Luxemburg (2013, 249ff.), Meek (1967, 96) and Mandel (1971, 63) shared this view, ‘New Dialecticians’ have emphatically rejected it (Arthur 1996, 191). As Smith (1990, 94) puts it, ‘the simple commodity form does not model the development of some precapitalist stage of simple commodity production. Nor can the logical development of the money-form be justified in terms of a logic of historical stages’. More importantly, all these authors take issue with the methodological orthodoxy inspired by Engels for standing in blatant opposition to ‘one of Marx’s main methodological tenets’, which is ‘that the sequence of economic categories is determined by their inner connection within capitalist society and not by whatever sequence occurred in historical development’ (Robles Báez 1999, 101). Indeed, this line of argument was explicitly fleshed out by Marx in one of his better-known and more relevant methodological remarks:

It would therefore be unfeasible and wrong to let the economic categories follow one another in the same sequence as that in which they were historically decisive. Their sequence is determined, rather, by their relation to one another in modern bourgeois society, which is precisely the opposite of that which seems to be their natural order or which corresponds to historical development. The point is not the historic position of the economic relations in the succession of different forms of society. Even less is it their sequence ‘in the idea’ (Proudhon) (a muddy notion of historic movement). Rather, their order within modern bourgeois society.

(Marx 1973, 107–8)

On these grounds, this literature broke further with the canonical interpretation of the dialectical method by distinguishing between a ‘systematic dialectic’ and a ‘historical dialectic’ (Arthur 1996; 1997; Reuten 2000; 2014; Robles Báez 1999). In other words, they suggested that Engels’s ‘logical-historical method’ should be doubled into two different methods. Whilst the systematic dialectic is ‘a method of exhibiting the inner articulation of a given whole’, the historical dialectic is ‘a method of exhibiting the inner connection between stages of development of a

temporal process' (Arthur 1996, 182–83). Seen in this light, 'New Dialecticians' conclude that in *Capital* Marx only used the 'systematic-dialectical method', whereas the 'historical dialectic' would have been used only partially in other writings. In this sense, this approach suggests that 'in a systematic theory historical considerations can have only an illustrative function' (Smith 1990, 194). Consequently, the 'historical material' in *Capital* has no other role than 'indicating how certain tendencies inherent to the concept were played out in reality' (Arthur 2002, 76).

If we set aside the idealist veneer involved in the characterisation of materialist dialectics as a type of 'logic', the main problem with this approach is that it splits the dialectical method into two opposing and unconnected methods. In other words, instead of showing which concrete role historical analysis plays in the dialectical unfolding of present-day form-determinations, it 'settles' the question by simply excising the former from the latter. At most, it boils historical analysis down to the role of 'illustrating' that which had already been systematically discovered and demonstrated. From the point of view of the methodological legacy left by Marx, this has at least two fundamental weaknesses. In the first place, there is no textual evidence which could suggest that Marx considered that there were two different methods of investigation, whatever their nature. Rather, he tended to refer to one and only materialist, hence scientific, method (Marx 1976, 494n). In the second place, it fails to offer a convincing explanation of the *necessary* role played by Marx's interjection of historical lines of development of *pre-capitalist* phenomena in the *systematic* exposition in *Capital*. By definition, those historical accounts of past modes of production cannot constitute 'illustrations' of the form-determinations of the *capitalist system*.

In this sense, Reuten's contribution stands out for seemingly acknowledging, although rather casually and in-passing, that those historical analyses that appear in *Capital* have more to offer than merely illustrating the systematic 'categorical' development. 'Historical materialism', Reuten argues, overarches 'systematic dialectics with regard to transitions between modes of production'. The latter method can 'present *extant* contradictions and conflict and the way they are settled within the system, but it is unable to present transitions from one system to another' (Reuten 2000, 151). Thus, Marx's exposition of the so-called 'primitive accumulation' can be read as an explanation that is informed by the method of 'historical dialectics' and which accounts for the transition from a pre-capitalist mode of production to capitalism. In this light, it could be regarded as an explanation which is 'complementary' to the pure systematic exposition, although Reuten tends to see this as symptomatic of the *limits* of the systematic-dialectical method. In effect, as this author himself recognises, that reading resonates with the following Marxian methodological remark from the *Grundrisse*: 'On the other side, much more important for us is that *our method indicates the points where historical investigation must enter in*' (Marx 1973, 460–61, emphasis added).

However, we think that Reuten's reading of that passage fails to bring clearly to light some crucial aspects of what Marx is trying to convey. In the first place, as mentioned earlier on but which is now confirmed by textual evidence, Marx does

not refer to two different *methods* but to what we could term ‘moments’ within a single process of the dialectical investigation and its exposition. Furthermore, the so-called ‘primitive accumulation’ is not the only stage in the dialectical presentation in *Capital* at which ‘historical investigation must enter in’. Consequently, it is not entirely correct to state, as Reuten does, that the exclusive role of the latter kind of investigation is to explain transitions between modes of production. As we shall see, the other point in Volume I at which ‘historical analysis’ must come into play precisely is the explanation of the *contemporary reality of money*. This means that the relationship between systematic and historical explanation suggested by ‘New Dialecticians’ fails both as a reading of Marx’s method in *Capital* and, above all, as a way of apprehending the present-day constitution of money as a social form.

The contemporary reality of money

Money is the general form of expression of value common to all commodities. Fine and Lapavistas are therefore right when they claim that the explanation of money must be searched in Marx’s examination of the ‘value-form, or exchange-value’ of the commodity, i.e. in section 3 of the opening chapter of the first volume of *Capital*. Indeed, right at the outset, Marx (1976, 139) stresses that through this exposition ‘the mystery of money will immediately disappear’. Moreover, he notes that this development constituted his own original contribution, inasmuch as it was ‘a task never even attempted by bourgeois economics’ (139). However, we think that the reading of those pages of *Capital* that Fine and Lapavistas offer suffers from significant shortcomings.

First and foremost, when these authors state that in those pages Marx is attempting to ‘logically demonstrate how and why exchangeability becomes monopolized by the money commodity’ (Fine and Lapavistas 2000, 365), they fall back into a reading which, similarly to Engels’s, conflates the unfolding of the present determinations of money with their historical development. As we have seen, several scholars have forcefully taken issue with this logical-historical reading of those pages of *Capital*, especially those writing from the ‘New Dialectics’ current discussed earlier on (see Robles Báez 1997; Smith 1990, 94). More recently, Heinrich (2021) has emphatically put forward a similar critical argument through a detailed exegetical commentary on Marx’s text. First and foremost, Heinrich notes, Marx ‘never says anywhere that he aims to provide a *historical* narrative recounting money’s emergence’ (97). Additionally, this scholar perceptively comments that ‘the history of money begins in pre-capitalist times, but Marx has said many times that his object of investigation is the commodity *in capitalism*’ (97). Finally, he rather bluntly points out that if the ‘genesis of money’ contained in section 3 of chapter 1 ‘were a brief history of money’, then Marx’s statement about bourgeois economics not having attempted such a task would be simply wrong, since ‘histories of money had existed for a long time, and Marx knew the literature very well’ (97).²

This first weakness of Fine and Lapavistas leads us, in turn, to an additional highly problematic aspect of their approach. Once we rule out the idea that the

unfolding of the necessity of the monetary expression of value runs parallel and/or is grounded in the historical development of money, the suggestion that it is preferable to reconstruct Marx's exposition in abstraction from labour as the substance of value loses whatever sense it could have made. Indeed, we shall see that this methodological procedure turns the examination of the form of value into a sheer formality which, moreover, ends up obliterating key elements of the argument that Marx is spelling out in those pages.³ This is hinted at by Ingham, although this insight is somehow overshadowed by his otherwise traditional or 'Ricardian' reading of *Capital*. Most important of all for the theme of this chapter, we shall show that the consideration at this initial stage or 'level of abstraction' of labour as the substance of value is not only relevant for the comprehension of the form of value but also, crucially, for grasping the commodity nature of money. Let us, therefore, turn to this fundamental point through a closer scrutiny of Marx's dialectical investigation of the determinations of the commodity in the first chapter of *Capital*.

As noted in Chapter 1 of this book, Marx (1975, 198) begins his exposition with the immediate observation of 'the simplest social form in which the labour-product is presented in contemporary society', i.e. with the individual commodity as it appears 'at first sight'. From that starting point, Marx then proceeds to the *analysis* of the commodity. In its characteristic *dialectical form*, this analytical movement consists in the discovery and separation of the determinate content which is expressed – hence exists – in the mode of the concrete social form under scrutiny.

In this manner, Marx thus lays bare that behind the immediate manifestation of its social attribute as exchange-value lies its historically-specific property of general exchangeability, which he calls *value*. In turn, further analysis of value reveals that its substance or content resides in the privately-undertaken socially necessary abstract labour congealed or materialised in the commodity. However, as Iñigo Carrera (2021, 87–88) points out, this analytical phase is unable to answer the question which subsequently arises and which political economy 'has never once asked', namely: 'why this content has assumed that particular form, that is to say, why labour is expressed in value' (Marx 1976, 174). The course of the dialectical exposition thereby leaves the analytical stage behind and undertakes the 'return journey' through the *synthetic* unfolding of the previously discovered content in its more concrete necessary forms of realisation. From then on, the commodity ceases to be grasped in its exteriority as an 'inert' external object and the exposition starts to follow its self-movement as the subject of the development of those determinations previously discovered through analysis into ever more concrete forms. Crucially for our argument, the 'reproduction by means of thought' of value's necessary *form of appearance* as exchange-value, unfolds in *indissoluble unity* with the *content* of its determination as the reified representation of the immanent social character of individual private labours.

The synthetic exposition of the form of value or exchange-value thereby consists in the unfolding of the content of the value-determinations that had been brought to light through analysis but are now spoken 'in the language of commodities' (Marx 1976, 143). Yet, Marx's presentation does not start with the

fully-developed monetary form in which all commodities effectively express their value, but with the *formal abstraction* consisting of the ‘simplest value-relation [...] of one commodity to another commodity of a different kind (it does not matter which one)’; what he names the ‘simple, isolated, or accidental form of value’ (139). Note, however, that regardless of whether one could see in the ‘direct barter of products’ a concrete empirical instantiation of this exchange relation between two different commodities, Marx’s examination of the simple form of value is, at this particular juncture, entirely indifferent to any actually-existing pre-capitalist historical phenomenon. Rather, the object of his exposition is what is *formally* inscribed in the structure of the expression ‘20 yards of linen = 2 pounds sterling’. Moreover, we shall see that precisely for embodying the simplest expression of value of the commodity, this form bears the *essential qualitative determination* underlying the nature of *present-day, capitalist money*.

Marx makes two fundamental points from the examination of this form of value. First, value acquires an autonomous expression *vis-à-vis* the commodity which seeks to express its own value –called by Marx *the relative commodity*–, by being expressed or reflected in the physical body or use-value of the other commodity –*the equivalent* (Marx 1976, 141–42). Second, insofar as the two commodities that partake in the value-relation establish a ‘relation of equality’, they must be bearers of a common quality or substance. Having already uncovered the value-content through the dialectical analysis presented in the first two sections of chapter 1, his exposition can immediately point out that the common social substance residing in each commodity is the privately-performed socially necessary abstract labour congealed in them (143ff.). Thus, the qualitative content of the simple form of value already makes plain that at stake in the expression of value is the organisation of the private labours that comprise the total social labour. Marx stresses this point when considering the three peculiarities of the simple equivalent-form. These peculiarities indicate the way in which the ‘internal antitheses’ of the commodity – also already laid bare in the preceding analysis – become now expressed through the exchange relation in the mode of ‘external antitheses’. More specifically, they show that the commodity acting as equivalent expresses, in the form of its opposite, the privately-undertaken socially necessary abstract labour that constitutes the substance of value.

In a nutshell, in showing how the use-value and the concrete private labour that produces the equivalent become socially recognised, or ‘count’, as the direct embodiment of, respectively, value and abstract social labour, the synthetic dialectical unfolding of the form of value brings to view, albeit in the mode of an inverted external reflection of its inner qualitative content, the general foundation of this historically-specific form of organisation of the intrinsically social life process of human beings. More concretely, by virtue of its indirect character, the material unity of the formally autonomous individual organs of social labour cannot be *consciously* established before the actual exertion of labour and on the basis of its concrete or useful character; instead, the validation of the social character of labour occurs ‘behind the back of the producers’, premised on the material

expenditure of abstract or general labour and only once it has objectified in its product, in the 'gelatinous' form of the social attribute of general exchangeability.

Now, precisely for unfolding the social necessity for the value- or commodity-form of the products of private and independent labour, the simple form of value is defective to allow the commodity to adequately express that the labour that produced proved to be an effective component of social labour *as a whole*. In effect, the analysis of the 'dual character of labour embodied in commodities' contained in section 2 had already indicated that the commodity under scrutiny exists within a society in which the 'qualitative difference between the useful forms of labour which are carried on independently and privately by individual producers develops into a complex system, a social division of labour' (Marx 1976, 133). The exchange relation under examination in section 3 thereby is thus but a singular element of a social totality whose underlying *general unity* must be ascertained by means of commodity exchange. And this means that the indirect social relation that connects individual private labours through the exchange of their products must have a *universal* reach, which obviously is something that the simple form of value cannot accomplish when taken in isolation. As we have seen, the latter can mediate the explicit social recognition of the social character of labour represented by only two commodities. Consequently, in order fully to express value as what it is, i.e. the objectified representation of the privately-performed socially necessary abstract labour as the *general* social relation, any single commodity must relate to the whole 'collection' of them that comprises social wealth in the capitalist mode of production. This is the reason why Marx subsequently moves on to consider the 'expanded', 'general' and, lastly, 'money' forms of value, as the modes in which value progressively finds a suitable form of outwardly and tangibly expressing its 'concealed' social essence as the material representative of the general social character of individual private labours.

Note, however, that the properly *dialectical* unfolding of the movement of this *qualitative* determination is, in essence, already achieved with the simple form of value. The subsequent passage to the other, more developed forms of value is simply a formal movement that merely universalises the *quantitative scope* (and thus makes explicit) the qualitative content already expressed in the simple form (namely, the immanent necessity of value of acquiring an outward, differentiated mode of existence). In other, more polemic terms, the sequence of the more developed forms of value as such is not structured according to an immanent necessity of those forms, as some authors from the 'New Dialectics' current argue (Arthur 2004; Robles Báez 1997). As Iñigo Carrera (2013a, 58–59) puts it, the sequence of forms of value 'does not imply a simpler form [of the exchange relation] engendering a more concrete one. Instead, the unfolding of the former's necessity evidences the necessity of the existence of the latter'. This is, we think, the actual meaning behind Marx's (1976, 139) remark that 'the whole mystery of the form of value lies hidden in this simple form'. Seen in this light, the sequence of 'defective' forms of value should be re-signified as a succession of formal abstractions from a social process in which money already exists in its plenitude as the autonomous mode of existence of value common to the whole world of commodities.

At this juncture, it is worth stressing that Marx's exposition of the development of the 'forms of value' does not follow a 'historical order'; but neither does it follow a 'logical order' in Fine and Lapavistas's sense. In our view, the gist of Marx's argument lies elsewhere. In a nutshell, the issue comes down to the fact that it is only the expression of value that progressively reveals the problem that the commodity-form of the product of labour is meant to solve. We are referring to the mediation in the establishment of the unity of social labour when performed in a private and independent manner. And since in this indirect form of social mediation of individual labours, the commodity that takes the form of general equivalent monopolises the form of direct exchangeability, the money-commodity becomes essentially determined as the objectified immediate embodiment of directly social labour in a society based on private and independent production.

Crucially for our argument, it should be noted at this point that Marx (1976, 139) insists that the 'simplest *expression* of value of a single commodity' is supplied by 'the *relation between the values* of two commodities' (emphasis added). In other words, the value-*expression* of any commodity is contained within the value-*relation* among them. It follows that the assumption of the social role of general equivalent-form by a certain use-value can only occur insofar as the latter was already able to enter the generalised exchange relation in the first place. But it can only do that insofar as it was determined as the product of private labour, i.e. as 'bearer of value' or as 'exchangeable social thing'. *This is the fundamental reason why money must necessarily be a commodity.*

In sum, such is the present-day determination of money as the independent form of value common to all commodities. Its discovery and explanation emerge out of an investigation that takes the individual *capitalist* commodity 'in our hands', analyses it to bring to view its hidden inner content and, finally, synthetically unfolds the immanent objectified social power which such content posits in the product of labour, and which is manifested in the exchange relation through the external 'doubling' of ordinary commodities and money. Consequently, and *pace* Ingham, it is a method which does not need to have recourse to historical analysis to prove or ground the essential social determination of money in the capitalist mode of production. On the other hand, and here *pace* Fine and Lapavistas, insofar as we are dealing with the contemporary actuality of money, it is not possible to abstract from labour as the substance of value when considering the development of its necessary form of appearance as money. However, the reason for this does not lie, as Ingham (2006, 268) naively thinks through his eminently Ricardian reading of Marx, in an abstractly technical need to find an adequate 'unit of measurement'. As we have shown, the reason for this lies in the fact that in the capitalist mode of production, the organisation of all individual private labours that comprise the aggregate labour of society, attains its immanent social unity through the value- and money-forms.

In this sense, Marx's exposition in chapter 1 demonstrates that the production and exchange of commodities is the *general social relation* in capitalism. In other words, it is the *simplest*, hence *most fundamental*, form of social mediation through which, albeit in an *indirect* fashion, human beings organise their

social life process. This has a key implication for the controversy over the nature and origin of money. For it means that in modern capitalist society all other non-mercantile social relations, such as the *direct* social relation of public authority that constitutes the state-form, must find its ultimate foundation and genesis in the concrete development of the determinations of the commodity-form (Blanke et al. 1976; Kicillof and Starosta 2007; Müller and Neusüss 1975; Starosta 2016, 218ff.). Thus, Marx's critique of political economy further undermines Ingham's attempt at grounding and explaining *capitalist* money (and, *a fortiori*, generalised commodity exchange), through direct relations of power and domination.

For its part, Lapavistas response to Ingham fails not just because it adopts a logical-historical view of the genesis of money and, therefore, attempts to ground the present-day actuality of money in the course of history. In addition, it fails because in intending to find a concrete historical instantiation for each systematic 'moment' unfolded by Marx, he ends up explaining the genesis of money through the purposeful action and motives of commodity owners who exchange. Thus, he reads the exposition of the simple form of value as a 'logical analysis' of barter. By contrast, Marx's presentation of the form of value in chapter 1 not only dispenses with the course of history to explain the genesis of money but also with the conscious and voluntary action of 'exchangers'. As we shall soon see, the consideration of the latter is the immediate object of Marx's exposition in chapter 2 of *Capital*, which, as its title denotes, deals with the 'process of exchange'. In our view, this clearcut *form-determined* differentiation between the systematic treatment of the 'commodity' and that of the 'exchange process' was deliberately chosen and methodologically-informed. As a matter of fact, it stems from the discovery that the commodity and its immanent objective determinations constitute the *content* which is realised in and through the action of individuals in the process of exchange, who have become socially determined as *personifications* of alienated social powers that now belong to the product of their own labour. If, contrariwise, the immanent objective determinations of the commodity, on the one hand, and the purposeful action of exchangers, on the other, become conflated in the same systematic stage of dialectical development, the exposition cannot but overlook the respective order of determination that gives unity to the differentiated moments of the present-day general social relation in the flow of its essential *constitution* and more concrete *form of realisation*. This kind of conceptual collapse of different 'levels of abstraction', on which Lapavistas evidently lapses, has been rightly criticised by various Marxist scholars (Arthur 2004, 37–38; Campbell 1997, 99; Heinrich 2012, 61–62; 2021, 132, 201; Lapatsioras and Milios 2012).

The precise and rigorous distinction between these different levels of abstraction that comprise Marx's dialectical exposition of the commodity and money are key not only to provide a consistent explanation of the commodity nature of money but also to grasp the specific part played by 'historical investigation' in his argument. Therefore, we shall now examine more closely the formal architecture of Marx's presentation which follows his discussion of the form of value, with particular focus on his exposition of the process of exchange.

The historical genesis of money

Having presented the constitution of the commodity as the general social relation through the examination of the ‘form of value’, and its producers as its *personifications* in section 4 on commodity-fetishism, Marx’s exposition necessarily turns to the consideration of way in their purposeful action mediates the effective realisation of their thing-like social relation which they have *unconsciously* produced ‘behind their own backs’ (Starosta 2017). In effect, as chapter 2’s opening line states, ‘commodities cannot themselves go to the market and perform exchanges in their own right’ (Marx 1976, 178). Therefore, commodity producers must now *personify value-relations in the process of exchange*. In other words, they must act as commodity *possessors*, who recognise each other in the juridical form of *private property owners*. However, Marx’s closer scrutiny of the movement of the commodity-form of social relations as mediated through the conscious practice of commodity owners eventually reaches an apparent impasse: insofar as no *general* equivalent can emerge out of their intentional action, commodity owners prove to be unable to equate their products of labour as values. They seemingly turn out to be incapable of personifying the realisation of the alienated social powers of their commodities (179–80). The exposition resolves this apparent deadlock through the *immediate observation* of the effective action of commodity owners.

Indeed, Marx (1976, 180) concludes, in the personification of their alienated general social relation, commodity owners ‘can only bring their commodities into relation as values [...] by bringing them into relation with some one other commodity, which serves as the universal equivalent’. As Heinrich (2021, 196) has noted, in these brief lines at the opening of chapter 2, Marx is implicitly polemicising with ‘contractual theories’ which ‘see money as essentially the result of a common insight on the part of those engaged in exchange’. In stark contrast to these theories, Marx shows that money *cannot* result from the voluntary action of exchangers. In this sense, in these passages neither is Marx positing ‘money as a resolution for the problems of direct exchange’, as Fine and Lapavistas (2000, 380n7) claim, and as is implicitly suggested by Ingham’s identification of Marx’s argument with that of neoclassical economics. As a matter of fact, Marx’s argument is precisely the opposite: he actually shows the impossibility of explaining money in those terms!

Still, the case against the idea that money arises out of social convention does not boil down, as Heinrich (2021, 197) submits, to the observation that ‘money [...] is the result of a *contemporary* social process, in which we all participate when buying or selling, that is repeated again and again’. Certainly, the practical action of commodity owners ‘instinctively’ reproduces, on a daily basis, the existence of money. However, this reproduction can only take place because money has already been *produced* at some point. Otherwise, the argument would lapse into the aforementioned impasse faced by the analysis of the conscious and voluntary action of commodity owners: the latter cannot engender a general equivalent. Thus, the actual corollary of Marx’s exposition at this juncture is that what is now in need of an explanation is the ‘action of society’ that ‘turn[s] a particular commodity into the universal equivalent’ (Marx 1976, 180). Therefore, the question whose

explanation is still pending is the ‘social action of all other commodities’ which ‘sets apart the particular commodity in which they all represent their values’ (180). In other words, what needs to be explained is the *original production of money*. But this cannot be accounted for by the contemporary action of commodity owners. In effect, such a social process stands in absolute opposition with the general form taken by the consciousness of these individuals: insofar as they are socially determined as free and equal subjects, no commodity owner will cede to another – nor can they arrogate to themselves – the social power to monopolise the use-value which embodies the form of direct exchangeability, i.e. the immediate possibility of being unconditionally recognised as an effective individual organ of social labour.⁴

This is the reason why Marx’s (1976, 181) exposition subsequently turns to the examination of the ‘*historical* broadening and deepening of the phenomenon of exchange’ which explains how ‘a particular commodity is transformed into money’ (emphasis added). Put differently, at this juncture, Marx momentarily brackets the consideration of the present movement in which the general social relation unfolds and turns to the examination of the determinations that the latter carries within itself as *result of its historical becoming*. In a nutshell, Marx’s (1973, 460) dialectical presentation reaches the point ‘where historical investigation must enter in’. This change of course experienced by the Marxian exposition a couple of pages into chapter 2 has been scarcely discussed by the specialised literature. As we have seen, most scholars working on Marx’s method tend to reduce all allusions to historical processes in *Capital* to a mere ‘illustration’ of the pure systematic development of capitalist social relations or, at most, they boil the role of ‘historical investigation’ down to the explanation of ‘primitive accumulation’, which would thereby allow the explanation of the ‘transition between modes of production’. In this sense, Heinrich’s contribution stands out for at least acknowledging that Marx’s exposition in chapter 2 deals with ‘the *historical* development of money in pre-capitalist conditions’ (Heinrich 2021, 199) and, above all, for discussing the historical course of the genesis of money in methodological terms. However, we have already suggested that Heinrich considers that it suffices to consider the role of the present-day action of commodity producers in the reproduction of the general equivalent in order fully to account for the existence of the process of exchange and, *a fortiori*, for that of capitalist money itself. Against this backdrop, he provides no grounds for the methodological significance that the inclusion in this instance of a *historical* investigation of the evolution of the ‘phenomenon of exchange’ could have for Marx’s *systematic* explanation of the *contemporary* determinations of money.

By contrast, we think that the examination of the historical development of money is as key to the explanation of this contemporary existence as the systematic unfolding of the ‘form of value’. More polemically put, in the same vein as Marx does not unfold a systematic development of the immanent determinations of money which is paralleled by their historical emergence and evolution, as argued by Engels and those who follow his ‘logical-historical’ method, he does not develop two *separate* dialectics, one systematic and one historical, as ‘New Dialecticians’ believe. In our view, what Marx does is to systematically develop the

immanent necessity of a determinate contemporary social form (i.e. generalised commodity production), up to the point where that very same systematic development places him before the need to account for the pre-capitalist historical genesis and evolution of the social form under scrutiny, and which has coalesced in its present-day mode of existence.

Against this backdrop, let us now see which is, according to Marx, the general course undergone by the said historical genesis of money. Insofar as the systematic development of the determinations of capital has yet to show the historically-specific role of capitalism in the development of the productive forces of social labour, the analysis of the historical genesis of money proceeds in abstraction from the more concrete mediating forms through which this process unfolds. In other words, the exposition of the historical process is done in an overly 'schematic' manner, with what might appear as a one-sided focus on the evolution of commodities and money without regard to the broader social forms in which they originally emerged and developed. Still, this 'stylised' historical account suffices to throw into relief that present-day money has emerged as the product of a 'social act' which predates the action of capitalist commodity owners. Moreover, this means that this social act which brings money into existence in the first place, i.e. the *original production* of money, must follow a course which is exactly the *opposite* to that which *reproduces* its existence within capitalism. In effect, if Marx's systematic development had earlier shown that money *cannot* crystallise out of the action of free private individuals whose exclusive *indirect* general social nexus is the commodity, its historical genesis now shows that money has been engendered through the action of individuals who are subject to *direct social relations of personal dependence*. Here we have a clear instance of the previously cited methodological remark by Marx (1973, 107–8) that the sequence of 'economic categories [...] determined [...] by their relation to one another in modern bourgeois society [...] is precisely the opposite of that which seems to be their natural order or which corresponds to historical development'. But this is not the only instance.

Insofar as development of money derives from the determinations of the commodity, Marx (1976, 181) tracks down its genesis to the first historical manifestations of the exchange process in the form of the 'direct exchange of products'. In these germinal expressions, the products of labour 'are not as yet commodities, but become so only through the act of exchange' (181). In other words, rather than being a *presupposition or premise* of the act of exchange, the constitution of the commodity-form is its *result*. Similarly, a useful article is turned into an 'exchangeable object' through the consciousness and will of its possessor, rather than their conscious and voluntary action being the personification of the fetishised attribute of exchangeability residing in the object. Lastly, these commodity possessors relate in exchange as independent producers only insofar they 'agree tacitly to treat each other as the private owners of those alienable things, and, precisely for that reason, as persons who are independent of each other' (182), instead of being already determined as autonomous commodity producers from the very outset and, on that basis, further relating in the exchange process in the juridical form of private property owners.

On the other hand, the first monetary forms emerge as soon as exchange expands and turns into a 'normal social process' and, therefore, in the face of the need for 'the articles exchanged' to 'acquire a value-form independent of their own use-value, or of the individual needs of exchangers' (Marx 1976, 182). In these circumstances, the social necessity for an independent mode of existence of value is also constituted by virtue of a determination which is 'precisely the opposite' of that which is the foundation of the money-form under capitalist commodity exchange. In the former, money develops as a way of resolving the practical limits that the direct barter of products imposes upon the scope and scale of the exchange process. Conversely, in the latter money develops as the necessary form of manifestation of privately-undertaken socially necessary abstract labour materialised in commodities. In other words, whereas in its historical origins money essentially emerges in its function as 'means of circulation', as an 'inner moment' of capitalist society its primordial function is to be the 'material embodiment of human labour as such' (183) – hence to act as the external measure of the immanent measure of value of commodities.

Seen in this light, it should now be clear the error involved in any attempt to equate the factual chronological sequence entailed by the historical origin and evolution of a certain social phenomenon, with the order in which the different determinations of its constitution 'relate to one another in modern bourgeois society'. Thus, Lapavitsas's reading of Marx's development of the 'form of value' in section 3 of chapter 1 as a historical development makes no sense. In effect, the 'interstitial' commodity which emerges out of the direct exchange of products between foreign human communities is not constituted as such as a *premise* of the exchange process. Consequently, it does not bear an immanent 'purely social objectivity' which needs to acquire an external mode of existence in a general equivalent. For their part, 'primitive' exchangers are not free individuals whose sole social tie is the product of their own private and independent labour. It thereby follows that the formal problem entailed by the personification of value-relations in the exchange process when the commodity has become the general social relation has no relevance when analysing the historical genesis of money. In the same vein, Ingham's attempt to explain the contemporary actuality of money on the grounds of its historical origin is also futile. As we have just seen, in the historical course of events the present determinations of money appear in an inverted manner. And this applies not only to the order of determination between direct and indirect social relations or to the sequence of emergence of the different functions of money but also, as Arthur (1996, 196) sharply notes, even to the very concrete forms in which those monetary functions are actualised.

Conclusion

In this chapter, we have looked into the essential nature of money and its more general or simpler determinations in a methodologically-minded manner. To do so, we first addressed the issue through a critical engagement with the debate between Ingham and Lapavitsas. The former attempts to offer 'sociological' foundations

to the post-Keynesian theory of money. In essence, this approach sees money as a conventional unit of account established by the public authority with the purpose of homogenising and measuring all credit obligations, which is what all monetary phenomena boil down to according to this view. For his part, Lapavistas (together with Fine), aims at the defence of the Marxian perspective based on the commodity nature of money and, *a fortiori*, on the genesis of money in the exchange process.

Leaving aside all substantive considerations about each of these stances on the nature and genesis of money, the first conclusion that can be drawn from our critical examination of the polemic is primordially methodological. In our view, the dispute between these scholars and, in particular, Lapavistas's failed attempt at a convincing Marxian response to Ingham's criticisms, strikingly lay bare the pitfalls of the so-called 'logical-historical' method for the development of the critique of political economy. As we hope to have shown in this chapter, the explanation of the commodity origin and essential character of present-day capitalist money and its further determinations must be fundamentally provided in systematic-dialectical terms.

On the other hand, we have also argued that this mode of investigation proves to be insufficient fully to explain the most abstract or general determinations of contemporary money in their unity. On this score, our approach parted company with many recent contributions on the method of the critique of political economy broadly identified with the so-called 'New Dialectics'. In effect, we have seen that it is through the unfolding of the general determinations of money from the standpoint of the process of exchange – i.e. the object of Marx's exposition in chapter 2 of *Capital* – that the pure systematic presentation reaches the first of the few instances in which the dialectical method places us before the need circumstantially to turn to a historical mode of investigation. Moreover, we have thrown into relief that those passages exhibit, in a particularly eloquent fashion, another aspect of Marx's dialectical method that he emphasised in his occasional methodological remarks scattered throughout his works, namely: that the systematic sequence of 'economic categories' and their immanent determinations usually inverts the order in which they have developed in the course of history. As should be obvious, this issue does not entail a merely scholastic exegetical interest but is of immediate relevance for the comprehension of the genesis and essential character of contemporary capitalist money.

The second conclusion that can be drawn from our discussion is of a more substantive character, although we shall see that it does entail methodological ramifications. We have argued that money must necessarily be a commodity and, moreover, that it is engendered in the exchange relation between commodities which mediates the expression of value in the form of exchange-value – and which in turn mediates, in a reified form, the indirect establishment of the unity of the privately-undertaken social labour. As a matter of fact, both points are two sides of the same coin: only for being a commodity – i.e. for possessing the attribute of exchangeability as the purely social representation of the materialisation of the privately-organised socially necessary abstract labour – can a particular 'thing' enter that relation in the first place and, as a consequence, serve as the general equivalent common to the rest of them. This is the main reason why the essential

simplest determination of money cannot be reduced to a mere unit of account of 'abstract value', as Ingham submits. But neither can it boil down to a contentless formal monopoly of the 'ability to buy', as posited by Lapavitsas. Rather, we have argued that the essential form-determination or 'function' of money consists of being the materialised or objectified embodiment of the social character of private labour. In turn, as just emphasised, we showed that it can only perform that role solely in its own capacity as such product of this historically-specific form of organisation of the immanent general unity of social labour.

In this sense, as Germer (1997, 53) convincingly suggests, the Marxian claim that money is a commodity is not grounded in the immediate observation of an empirical phenomenon, such as the prevalence of the 'gold standard' in Marx's times. It thus follows that the substitution of diverse forms of credit money for the money-commodity in the function of means of circulation and means of payment or, more recently, the existence of a standard of prices which since 1971 have broken any explicit legal-institutional link with quantities of the money-commodity, do not represent sufficient grounds for rejecting the Marxian view of the commodity nature of money (50–52).⁵ Note, however, that this is not simply a question of unavailability of conclusive empirical evidence, as supporters of a Marxist theory of pure credit-money admit (Foley 2005, 47). The fundamental question is, again, *methodological*. More concretely, we have argued that the most general ground for the commodity nature of money is not historical but systematic. And this necessarily means that such an abstract or simple determination of contemporary money must be carried over as the immanent, objectively-real content of whichever more concrete modes of existence it may assume. In other words, this simplest determination of money still constitutes its most general content even if it appears *in the mode of being denied* in its more concrete forms of realisation. Thus, whether one wanted to 'critique' or 'defend' the Marxian perspective on the commodity nature of money, this could be consistently approached only through a thorough re-examination of the more abstract or general determinations of money as presented by Marx in the opening chapters of *Capital*. This is what we have attempted to do in this chapter, albeit through a critical engagement with the controversy between Lapavitsas and Ingham, whose merit precisely resides in referring the question back to the general foundations of money.

Admittedly, all this still begs the question of the internal connection between those simpler immanent determinations of money and the concrete forms taken by the contemporary configuration of the 'monetary system'. It goes without saying that a proper discussion of this issue exceeds the scope of this chapter. However, a couple of pointers can be provided in the remaining concluding remarks. First, that the said unity between the more general content of money as a commodity and its more developed forms of existence can only be uncovered by the systematic unfolding of all the sequence of mediations through which the self-negating movement of the money-commodity is realised, up to the point of accounting for its contemporary figures. Secondly, that the seeming 'absolute autonomisation' of the various functions of money *vis-à-vis* the money-commodity have their basis in the longstanding crisis of overproduction which the world economy has been experiencing since the 1970s, and whose full resolution has been recurrently

postponed by means of successive waves of credit-fuelled expansion (Iñigo Carrera 2013b, 208ff.). Hence also the *limits* to that appearance of complete abolition of the commodity nature of money. In effect, as Marx forcefully points out in Volume III of *Capital*, those limits will most likely assert themselves one way or another with the overt manifestation of the general accumulation crisis, which actually constitutes the phase of the cycle in which the immanent social unity of the privately- and independently-organised material reproduction process, becomes externally re-established in the most violent manner.

Notes

- 1 For a concise presentation of the main tenets of this methodological current, see Kincaid (2009).
- 2 At the level of textual evidence, it is admittedly true that in the section on ‘the value-form or exchange-value’, Marx (1976, 158) notes that the first and second forms of value ‘appear in practice’ or ‘come into actual existence’ in historical stages that predate capitalism. However, even a cursory reading of that section suffices to see that this sort of parallelism between the unfolding of the present-day sequence of form-determinations and the historical course of phenomena has a merely *incidental* character within the overall architecture of Marx’s systematic-dialectical presentation. In this sense, as Iñigo Carrera (2021, 98) points out, it is sensible to grasp those remarks as ‘interjected in an external manner *vis-à-vis* the proper course of dialectical cognition which Marx’s exposition has been unfolding up to that point’. In addition, as Heinrich (2021, 129) appropriately comments, ‘Marx makes these remarks only after analyzing the forms. Therefore his analysis of the forms is in no way based on a historical development’.
- 3 A similar proposal for the postponement of the introduction of labour as the substance of value can be found in other authors writing from different methodological traditions like Arthur (2004) and Campbell (2013) from the ‘New Dialectics’ or Reichelt (2007) from the ‘*Neue Marx-Lektüre*’.
- 4 In contrast to Heinrich, Campbell (2004, 67–77) perceptively notices the impossibility of explaining the ‘original crystallisation’ of money based on the contemporary action of commodity owners. Moreover, she rightly justifies the need to introduce the historical development of the genesis of money precisely by virtue of the inability of the present-day movement of the general social relation to set apart a particular commodity as the general equivalent. However, she falls short of drawing the general methodological implications of this particular instance of the Marxian presentation for the thematisation of the nexus between systematic development and historical investigation in materialist dialectical thought. Moreover, she fails to show the relevance of the introduction of the historical sequence of social phenomena in the exposition, to throw into relief the inversion experienced by such an order of determination *vis-à-vis* that of their systematic unfolding as inner ‘moments’ of the present-day social totality.
- 5 For a concise discussion of the development of a ‘dollar standard’ after the collapse of Bretton Woods, see De Brunhoff (2005).

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4 Skilled labour and value-production

An alternative approach to a longstanding and unresolved controversy in the critique of political economy

Introduction

The degree of complexity of the different kinds of labour is one of the fundamental obstacles faced by any sound explanation of prices grounded in the quantity of labour materialised in commodities. As Adam Smith (1982, 134) already noted in the *Wealth of Nations*, it is evident that ‘there may be more labour [...] in an hour’s application to a trade which it cost ten years’ labour to learn, than in a month’s industry at an ordinary and obvious employment’. As we will see, Marx’s solution to this problem is extremely concise and, at first sight, very simple. Essentially, he considers the expenditure of labour-power that involves a prior ‘certain level of development’ as ‘*intensified*, or rather *multiplied* simple labour, so that a smaller quantity of complex labour is considered equal to a larger quantity of simple labour’ (Marx 1976a, 135). Yet, a century and a half after the publication of *Capital*, Marxists have not reached any consensus on the ‘skilled labour reduction problem’ or, worse still, even on what Marx actually meant in those brief passages.

Against the backdrop of these debates, the purpose of this chapter is, on the one hand, to undertake a critical reconstruction of the history of the controversies over the Marxian solution to the ‘skilled labour problem’ and, on the other, to present an alternative perspective which is consistent with the foundations of the critique of political economy. In order to do so, in the following section, we offer a brief overview of Marx’s textual legacy on this issue. The next two sections develop a reconstruction and critical examination of the debates that followed the publication of *Capital*. In the fifth section, we turn to the presentation of our own alternative solution grounded in the Marxian analysis of the determinations of the commodity-form. Finally, the concluding section brings together the main results of our discussion.

Marx on skilled labour

Marx made very few and rather succinct references in his works to the question of skilled labour in connection with the determination of value. Moreover, the occasional remarks that one can find in his writings are mostly incidental, that is, external to the systematic structure of his exposition. As acknowledged by most

exegetical commentaries, the upshot of this is that the reconstruction of Marx's ideas on this subject is not free from difficulties (Cayatte 1984; Krätke 1997). However, we think that it is possible to uncover a mostly unchanged view underlying and unifying all these scattered references to skilled labour that Marx made throughout his writings. On the basis of a close reading of available textual evidence, in the following points, we summarise its most salient features:

- I It is crystal clear that Marx thought that the determination of human labour as the substance of value implies the reduction of those qualitative differences in the diverse types of labour, derived from the special development of the labour-power of which they are an expenditure, to a 'common unit'. It follows that the explicit treatment of this reduction, therefore, pertains to the level of abstraction of the simplest determinations of value. Furthermore, this implies that as long as there are labours of varying degrees of complexity, the 'reduction problem' persists and cannot be assumed away (Marx 1872, 17; 1973, 561, 613, 846; 1976a, 135, 275–76; 1976b, 126–27; 1985, 122; 1987, 272–73; 1989a, 322). However, it is also evident that insofar as Marx regarded it as a relatively 'minor' and unproblematic issue, it was not primordial to unfold the 'laws' that govern the reduction when the immediate object of the exposition was the commodity or the value-form of the product of labour.
- II The aforementioned 'common unit' is simple labour, which is defined as the expenditure of human labour-power possessed by the 'average individual', for which no prior 'special development' of productive attributes is needed (Marx 1872, 17; 1973, 323–24, 612–13, 846; 1976a, 135; 1976b, 126–27; 1985, 122; 1987, 272–73). Although what constitutes simple labour varies according to the different 'epochs of civilisation' and in 'different countries', it is always given in a determinate society (Marx 1872, 17; 1976a, 135; 1987, 272–73).
- III Marx is adamant that the equivalence entailed by the 'value-objectivity' immanent in commodities self-evidently shows that the reduction of complex to simple labour is 'accomplished in practice' and, like all other reductions of qualitative differences in the varied commodity-producing labours, it operates 'behind the backs' of the producers (Marx 1872, 17; 1973, 612–13, 846; 1976a, 135; 1976b, 126–27; 1987, 272–73).
- IV Moving to the level of abstraction of the capital relation, Marx argues that labour-power of a greater degree of complexity has a higher magnitude of value because its production costs more socially necessary labour (Marx 1973, 323–24; 1976c, 1032; 1988, 48). However, in other passages, he does not only make that point but also invariantly remarks that skilled labourers proportionally produce the same amount of surplus value as simple labourers. In other words, the rate of surplus value is the same for all kinds of workers, regardless of the relative complexity of their labour-power (1976a, 304–6; Marx 1988, 81–82, 90, 231; 1989a, 18; 1989b, 72–73; 1991a, 241; 1991b, 309; 2015, 250). In this context, Marx sometimes appears to be suggesting that there is some sort of connection between the value of skilled labour-power and the value of its product.

- V Still, Marx tended to believe that simple labour constitutes the great bulk of labour performed in any society and that, at any rate, there was a dynamic tendency immanent in capitalist forms of technical change gradually leading to the elimination of complex forms of labour (Marx 1973, 612–13; 1976a, 470; 1976b, 127; 1976c, 1032; 1977, 225; 1987, 272–73; 1988, 231, 321, 331, 341; 1991a, 298; 1991b, 484ff., 499; 1994, 24, 148, 217; 2015, 306).
- VI Finally, it seems to us that Marx did not consider that Ricardo's treatment of the subject was quite simply 'wrong'. In our view, he thought that it was rather 'incomplete', insofar as Ricardo did not show how the relation between complex and simple labour is actually 'determined' (Marx 1973, 561; 1976b, 127ff.; 1986, 327; 1989a, 350).

Now, as Krätke notes, there are other references to 'complex labour' in Marx's writings. However, these are usually *analogies* which Marx uses in order to shed light on *other* determinations of value-production and/or realisation (Krätke 1997, 102–3). Thus, for instance, Marx (1989a, 440) points out that when in a special sphere of production the *intensity* of labour is circumstantially higher, it counts socially as if it were more complex labour. Similarly, when an individual capital sets into motion a comparatively higher productivity of labour than its competitors, this circumstance is reflected in the value of its output as if it were the product of more complex labour (Marx 1976a, 435, 530; 1988, 319–20, 329–30). Lastly, Marx (1988, 338; 1989a, 294) also uses the determinations of the multiplied value-positing powers of complex labour to explain by analogy the determinations of *international* value-relations when the low degree of capital mobility hinders the full operation of the 'law of value' on a world scale.

Two general conclusions can be drawn from this reconstruction of Marx's thinking on the determinations of skilled labour in relation to value-production. In the first place, the problem itself seemed to be of relatively minor relevance for Marx's own explanation of the value of commodities. Moreover, at least as far as its simplest aspects are concerned, he tended to think that classical political economy (Ricardo in particular) had already offered the basic elements for the solution: working days of different complexities are equalised as 'multiples' of simple labour. In the second place, despite his repeated criticisms of Ricardo for not 'developing further' those elementary aspects of the solution, in no text does Marx himself actually complete the explanation. This would have involved the establishment of the principle that allows to explain, in a rigorous and precise fashion, the specific reasons why complex labour posits more value than simple labour during the same time. But this full explanation is not only missing in Ricardo's text; unfortunately, it is also absent from Marx's own works. What is more, when one considers that according to Marx himself (1985, 123) the explanation of the value of commodities 'is, therefore, a thing quite different from the tautological method of determining the values of commodities by the value of labour[-power], or by *wages*', the references that explicitly or implicitly correlate the higher wages of skilled labourers with the higher value of their product are intriguing to say the least. In sum, Marx's own explanation of the multiplied value-producing powers

of skilled labour is admittedly as underdeveloped as that of his predecessors and deserves closer critical scrutiny. Before doing that, we shall first examine the reactions that this aspect of the Marxian critique of political economy caused among both his critics and his followers.

The critiques of Marx's perspective on the 'reduction problem' and the response of Marxists

The critique of the Marxian solution

The fundamental two lines of criticism of Marx's 'solution' can be found in the work of Böhm-Bawerk. In his 1884 *Capital and Interest*, this author initially pointed to what he considered an elementary flaw in Marx's value theory. According to Böhm-Bawerk (1890, 384–85), there was no clear explanation of the sense in which a complex labour's working day could be said to 'condense' *more labour* than an equally-long working day of simple labour. Thus, in Böhm-Bawerk's view, that the product of a complex labour's working day represents a higher amount of value than that of simple labour blatantly contradicts the economic law that postulates that value is determined by the amount of labour objectified in commodities. Consequently, Böhm-Bawerk concluded, the products of complex labour can only be (yet another) exception to the general rule in the Marxian explanation of value.¹

The second main line of Böhm-Bawerk's criticism appeared in his intervention in the debate triggered by the publication of Volume III of *Capital*. More specifically, in *Karl Marx the Close of His System* (Böhm-Bawerk 1949), he further maintained that the Marxian explanation of the equalisation of qualitatively different labours fails because the argument unfolds 'in a complete circle': it starts out in search of an explanation of the exchange relation but, insofar as it is argued that 'the standard of reduction [of skilled to simple labour] is determined solely by the actual exchange relations themselves' (83), it ends up accounting for the exchange relation... on the basis of that very same exchange relation!

Later critiques of Marx mostly reiterated or simply reformulated the foundational ideas already laid out by Böhm-Bawerk (Bortkiewicz 1952, 90–92; Joseph 1923, 87–96; Masaryk 1899, 270ff.; Mises 1990, 20–21; Skelton 1911, 117ff.; Sorel 1897, 230). Those that did bring novel issues to light actually changed the very terms of the discussion, focusing on the difference between 'innate' and 'acquired' qualifications rather than on complex labour and simple labour as such. For instance, this is the case of Oppenheimer's (1916, 63–64) objections. Subsequently, this angle on the question reappeared in the works of both Schumpeter (2006, 24n3) and Samuelson (1971, 404–5), for whom Marx failed to explain the 'natural' differences in the quality of labour.

The 'rise and fall' of the classic Hilferding–Bauer response

With the exception of a brief and rather inconsequential rejoinder to Block by Lafargue (1884, 283–84), the first spate of responses to Böhm-Bawerk's criticisms

did not come from Marxists but from Ricardians (Dietzel 1895, 248–61) or non-Marxist socialists (Grabski 1895). In a nutshell, the essential point made in these first interventions to counter Böhm-Bawerk's objections anticipated the gist of what some years later would constitute the 'canonical Hilferding-Bauer' response by Marxists. Specifically, these works submitted that the reduction of complex to simple labour involved the addition, to the living labour of the skilled labourer, of *all* those past labours that had directly or indirectly contributed to the production of the productive attributes of the worker bearing a more complex labour-power.

Still, the actual first reply by a Marxist came from Bernstein and was along rather different lines. According to Bernstein, the greater value of the product of skilled labour was not explained by the exchange relation, as Böhm-Bawerk's had thought, but by the greater value of more complex labour-power. Thus, the higher the value of labour-power, the greater will be the magnitude of value that results from its objectification (Bernstein 1899, 359–60).² Bernstein's idiosyncratic solution did not, however, persuade all Marxists. Indeed, the first critical reaction almost immediately appeared in the work of Kautsky (1899, 41), who saw Bernstein's solution as 'eclectic'. Although he acknowledged that Marx's theory was 'incomplete' on this score (38–39), Kautsky offered no solution of his own.

An alternative Marxist approach to the 'reduction problem' eventually emerged some five years later, by other scholars who took Bernstein's explanation to task for relapsing into a theory of value founded on 'costs of production'. This was the main thrust of Hilferding's criticism of Bernstein in his rejoinder to Böhm-Bawerk's 1896 article. As Hilferding (1949, 141) puts it, Bernstein's explanation wanted 'to deduce the value of the product from the "value of labor"'.³ By contrast, Hilferding and other authors proposed a procedure for the reduction of skilled to simple labour based on the addition of the quantities of simple labour that materialised in the production of skilled labour-power and which, indirectly, become 'condensed' in the actual expenditure of the latter. Those past formative labours, Hilferding states, 'are stored up in the person of the qualified laborer, and not until he begins to work are these formative labors made fluid on behalf of society'. Specifically in Hilferding's case, these 'formative labours' came down to the work of the 'technical educator' (144). However, drawing on Deutsch (1904), Bauer (1906, 649ff.) later argued that the labour of 'self-education' by the skilled labourer themselves (in their capacity as student) should also be counted.⁴

Thus, the 'classic' Marxist view of the 'reduction problem' crystallised out of these contributions from the beginning of the 20th century. In a nutshell, this 'Hilferding-Bauer' solution maintained that the higher value-positing powers of complex living labour derived from its 'condensation' of *all* past labours which have been expended in the production of the respective skills of the wage-labourer, including both that of the 'technical educator' and that of the 'student'. During the greatest part of the 20th century, the Hilferding-Bauer approach was widely accepted by Marxists of the most varied traditions as the definitive response to Böhm-Bawerk (Hodges 1961; I. Lapidus and Ostrovitianov 1929, 32–35; Mandel 1976, 72–73; Meek 1973, 168ff.; Rosdolsky 1977, 506ff.; Rowthorn 1974; Rubin

1972, 159ff.; Sweezy 1970, 42–43).⁵ Moreover, this ‘classic’ solution tended to be endorsed not only by most Marxists but also by Neo-Ricardians scholars (Bródy 1970, 86–88; Okishio 1963; Roncaglia 1974).⁶

However, by the mid-1970s, some Marxists started to raise some reservations against the alleged solution to the ‘reduction problem’. In the first place, it was argued that the Hilferding–Bauer reduction procedure implied different rates of surplus value for skilled and simple labour which, it was claimed, contradicted the Marxist theory of exploitation (Morishima 1973, 193; Morris and Lewis 1973, 457–58). Secondly, other scholars argued that in conceiving of the worker’s skills as the material condensation of past labour that would subsequently be represented in the higher value of the product, the productive attributes of workers were treated as constant capital (Bidet 2007, 26; D. Harvey 2006, 58; Tortajada 1977).⁷ According to this second line of criticism, the ‘classic’ solution entailed a serious relapse into ‘human capital’ theory, which had been explicitly developed to undermine the Marxist theory by denying the existence of antagonistic social classes (Tortajada 1977, 109). In sum, these critics concluded, the Hilferding–Bauer solution had to be abandoned.

The more recent proliferation of novel solutions to the ‘reduction problem’

In the face of the shortcomings of the traditional reduction procedure, new alternative approaches appeared that changed considerably the very terms of the problem without, however, achieving any consensus. Let us briefly consider these more recent perspectives on the reduction of complex to simple labour in turn.

In the first place, some scholars proposed that the reduction of skilled to simple labour should be regarded as a *real and observable process of de-skilling of labour-power resulting from capital’s transformation of the labour process* (Carchedi 1991, 130–34; D. Harvey 2006, 57–61; Itoh 1987; Kay 1976; Sekine 1997, 39; 2020, 193–96, 205–6, 558; Uno 1977, 32n2).⁸ From this standpoint, the solution to the reduction problem does not belong in the simplest level of abstraction of the commodity-form but pertains to a dynamic tendency of the production process subsumed under capital, namely: the actual homogenisation of the productive attributes of all wage-workers resulting from the forms of technical change in the capitalist mode of production. As a result of this historical process, these authors conclude ‘the reduction problem disappears into insignificance’ (D. Harvey 2006, 61).

In the second place, some authors have argued that the key to the solution resides in treating more complex labour as more *productive* (Bidet 2007, 20–21; P. Harvey 1985; Saad-Filho 1997; 2002, 56–58).⁹ Note that insofar as this refers to an augmented capacity to produce *use-values* per unit of time, this kind of approach must offer an explanation of how this greater *physical productivity* of skilled labour translates into multiplied *value-producing* powers. Here each author provides their own, highly idiosyncratic argument. Thus, P. Harvey simply *assumes axiomatically* that skilled labour is ‘labour-saving’ (that is, physically more productive), and extends this assumption to *more intensive* labour, further postulating that the latter’s greater value-creating capacities are grounded in its higher physical productivity

(P. Harvey 1985, 90). By analogy to labour intensity, he thereby explains the multiplied value-creating power of skilled labour. For his part, Bidet claims that since commodity- and value-production is actually the fruit of *collective* labour, it makes no sense to assign differential value-creating powers to certain individual types of labour-power.¹⁰ However, he also maintains that the incidence of what he calls ‘specialised’ labour-power in a determinate collective labourer does improve its overall productivity. And through a peculiar interpretation of Marx’s argument on the individual capital’s production of an extra surplus value from innovation in chapter 12 of *Capital* Volume I, he concludes that the higher productivity resulting from a greater level of ‘specialisation’ in a collective labourer is expressed in greater value-production per unit of time (Bidet 2007, 29–30).¹¹

Finally, there has been a number of rather disparate singular attempts at a solution which cannot be lumped together into any discernible common approach (Devine 1989; Ekeland 2007; Himmelweit 1984; Shaikh and Glenn 2018). Among them, the one by Himmelweit stands out for the critical reactions that it provoked among other Marxists (Fine 1998, 191ff.; Itoh 1987; Lee 1990, 117ff.; Morris 1985). In a nutshell, Himmelweit (1984, 335) argues that, under the assumption of equal organic compositions of capital, the mobility of capital in the process of equalisation of the rate of profit ensures the corresponding equalisation of the different rates of surplus value, so that ‘if one group of workers are employed at a higher rate of pay than another, they will also produce more value’. Also, mention is worth making of Shaikh and Glenn’s recent attempt at a mathematical formalisation, which allegedly avoids the shortcomings of traditional approaches through a reduction coefficient based on an exponential function that allows the computation of ‘cost skilling’. According to these authors, this allows the representation of more complex labour properly as value-producing, unlike ‘the traditional additive form that only transfers value and does not create value’ (Shaikh and Glenn 2018, 19).

Critical assessment of the complex labour debate

Let us now take stock of the discussion so far through a closer critical examination of the debate on complex labour that we have just sketched out in the previous section. As already mentioned, Böhm-Bawerk’s main objection to Marx’s argument in *Capital* focuses on the circularity involved in maintaining that ‘experience shows’ that ‘value’ and the ‘social process’ (which Böhm-Bawerk equates with ‘exchange’) accomplish the reduction, while simultaneously presupposing the reduction to explain the exchange relation itself. But this is not the only objection. Additionally, Böhm-Bawerk (1949, 82) accuses Marx of explaining away the irreducible qualitative difference between two ‘different *kinds of labor* in *different amounts*’ by resorting to a scientifically flawed procedure consisting in the substitution of ‘to count as’ for ‘to be’ in the consideration of skilled labour as multiplied unskilled labour. According to Böhm-Bawerk, this train of thought is theoretically illegitimate since ‘to “count as” is not “to be”’, and the theory deals with the being of things’ (82).

Now, a proper full response to these further two objections would require a wider discussion of Böhm-Bawerk's more general critique of Marx's value theory, a task which evidently exceeds the narrower scope of this chapter on the skilled labour reduction problem and which, moreover, we have undertaken elsewhere (Starosta 2008; 2016, 119ff.). Here we can only offer a few pointers on the underlying weakness of Böhm-Bawerk's critique. In a nutshell, the issue comes down to Böhm-Bawerk's failure to grasp the fetish-like character of the 'value-objectivity' that constitutes the essential 'form-determination' that stamps the product of labour as a generally-exchangeable thing and hence as a commodity (Starosta 2017). In other words, Böhm-Bawerk overlooks that, as the *historically-specific* property of *general exchangeability*, value is an objective attribute which is *immanent* in the commodity and which is distinguishable from both exchange-value, which is its necessary form of appearance, and (privately-performed socially necessary) abstract labour, which constitutes its substance. By contrast, as Elson (1979, 157) notes, in his (mis)reading of Marx's argument, Böhm-Bawerk *unmediately* passes over from the exchange relation to labour. Relatedly, he misses the crucial point that Marx is not analysing the commodity 'in general', but a *capitalist* commodity, that is, one existing in a society in which commodity production has become the *general* social relation and whose exchange, therefore, does involve *equivalence* (hence *qualitative identity* and *quantitative necessity*) (Arthur 1979, 71). Thus, he fails to understand that it is the purely social, yet practically real, reified objectivity of value that makes different commodities 'count as' qualitatively identical and which, consequently, negates in practice all qualitative differences intrinsic to the materiality of the varied kinds of labours that produced them. Therefore, it is this historically-specific form of the social life process that 'reduces' individual products of labour to their most general remaining common determination, namely: that of being materialisations of abstract, socially necessary simple labour (Starosta 2016, 141ff.). In other words, the actual 'proof' that the reduction of complex to simple labour does take place is synonymous with the exposition of the determinations underlying the social constitution of the fetish-like 'objectivity of value' and is a different matter from the analysis of the quantitative proportion in which complex labour 'counts as' multiplied simple labour. In his 'asocial' misreading of Marx's critique of political economy, Böhm-Bawerk conflated these two clearly distinct issues.

Furthermore, the 'social process' that according to Marx 'accomplishes' such reduction 'behind the back of the producers' is not, *pace* Böhm-Bawerk, the 'exchange process'. That social process actually is the *indirect* mode through which the social character of human productive activity attains its immanent unity when each production process is organised in the form of *private and independent labours* (Marx 1976a, 163ff.). As argued in the first two chapters, under these circumstances, the social character of individual labours that comprise the global labour of society is not consciously established on the basis of their concrete or useful character before they are actually exerted. Instead, it is recognised only '*post-festum*', and on the basis of their intrinsic *material* identity as qualitatively homogeneous productive expenditures of sheer human corporeality (brain, nerves, muscles, etc.), which, once objectified in the product, becomes *socially* represented

as the thing-like attribute of the product that allows it to enter the exchange relation and manifest indirectly the human subject's immanent determination as an individual organ of social labour: the form of general exchangeability or the value-form. As Marx himself acknowledges, the scientific description of this social process and its practically-determined elimination of all material qualitative differences in the concrete commodity-producing labours might sound like an absurdity and certainly did so to someone like Böhm-Bawerk. Still, as Marx continues, this 'absurd form' is exactly the way in which the relation between the different private labours and the collective labour of society appears to the producers themselves when the human life process takes this historically-specific social form. Thus, it is not Marx's 'dialectical skill' that through wordplay substitutes 'count as' for 'to be', but the fetishised social form of capitalist production which, in a particularly violent manner, accomplishes the said 'substitution' which reduces all qualitative differences in human labour to quantitative ones.

Lastly, this means that there is no circularity in Marx's argument. For the social constitution of the value-objectivity of the product labour takes place within the immediate process of production and is therefore *presupposed* by the establishment of the exchange relation which only manifests, in a 'roundabout' way, the social determinations of individual labour already posited in the labour process.

Let us now turn to the critical assessment of post-Marxian contributions. The first attempt at a solution was that of Bernstein (1899), which, similarly to Himmelweit's (1984) more recent contribution, essentially comes down to grounding the higher value of the product of complex labour in the greater value of skilled labour-power. However, as other Marxists noted very early on in the debate, this explanation cannot but relapse into a theory of value founded on 'costs of production' instead of explaining the value of commodities on the basis of the living labour objectified in its production. Moreover, insofar as it revolves around the process of formation of the general rate of profit in the circulation process, Himmelweit's approach in particular certainly falls prey to Böhm-Bawerk's accusation of circular reasoning.

In their response, Hilferding-Bauer and their followers obviously thought that their reduction procedure avoided Bernstein's error of grounding the value of the product of skilled labour in the value of skilled labour-power. However, as hinted at by the aforementioned critics of the 'classic' solution (Bidet 2007; D. Harvey 2006; Tortajada 1977), it seems to us that by including in the value of the product of skilled labour the socially necessary labours required for the production of skilled labour-power, they end up relapsing into a similar elementary mistake, namely: the conflation of the value of labour-power (the 'past labour' objectified in it) and its use-value (the value-positing capacity of living labour in act). In effect, regardless of the degree of complexity embodied in the worker's labour-power, there can be no trace of the past labour required for the production of skilled labour-power in the 'multiplied' value-positing powers of skilled living labour in act. In this sense, the labour of the 'technical educator' or the labour objectified in a textbook is hardly different from those labours objectified in the most prosaic of commodities that the worker consumes during their lunchtime. Assuming that they have the commodity-form, they are all part of the privately-undertaken socially necessary

labour required for the production of the commodity labour-power and, in that condition, they are absolutely independent of the labour that the worker will perform when setting their labour-power into motion in the capitalist labour process (Marx 1976a, 300–1).

Let us now consider the main solutions that have proliferated after the demise of the ‘classic’ paradigm as reviewed above, starting with those that treat the greater complexity of labour as involving a higher *productivity*. The first critical point to make in this regard is that these solutions tend to conflate different determinations of labour which are clearly distinguished in the Marxian explanation of value. This conflation is particularly pronounced in the case of P. Harvey (1985), whose argument, as we have seen, adds the *intensity* of labour to the mix: his explanation of the multiplied value-creating powers of skilled labour is simply based on an analogy with more intensive labour. However, it seems to us that such an analogy does not stand scrutiny. It is self-evident that a ‘sculptor’ could engage in an identical (socially necessary) extensive and intensive expenditure of their bodily productive powers than a ‘stone-breaker’, but their labour would nonetheless still involve a greater complexity: the former’s labour-power would still need a longer period of learning before it could be expended productively, which would thus need to be reflected in a higher magnitude of value of its product of labour. Things get onto even shakier ground with the explanation of the augmented value-creating powers of more skilled labour on the basis of their alleged greater physical productivity. In the first place, more productive labour involves, in its very definition, that ‘it provides more product in the same time’, and given that ‘a definite quantity of labour time continues to be represented in the same magnitude of value’, ‘it lessens the value of the commodity’ since ‘it curtails the labour time during which the same commodity can be produced’ (Marx 1988, 334). By contrast, as we shall see in more detail below, and as even Böhm-Bawerk was (reluctantly) ready to admit to Grabski, skilled labour involves a *greater* expenditure of labour for the production of a commodity. In the second place, the association between complexity and *physical* productivity of labour is also rather problematic. For while comparative analysis of the latter always refers to the production of the *same* use-value, at stake in the former is the comparison between labours that produce *different* use-values.

This latter confusion can be also found in Bidet’s (2007) own association of greater complexity of labour and higher productivity, although for another reason. In the case of this author, the confusion comes up in the first step of his idiosyncratic solution to the reduction problem, which, as we have seen, consists in drastically ‘delinking’ the special productive qualities of complex labour-power and its multiplied value-positing capacity. In turn, this connection is severed by arguing that in the context of the subsumption of labour under capital, value-positing is the product of the collective labourer of the workshop as a whole. Therefore, Bidet concludes that it is meaningless to ‘individualise the incidence of specialised labour on the increase in value’ (29). Now, while it is true that at the systematic level of the *real* subsumption of labour to capital, the commodity proves to be the result of the combined productive activity of the collective worker, we think that Bidet’s conclusion regarding the vanishing of the incidence of skilled labour is too hasty,

and actually does not follow from the said premise. Certainly, in Chapter 13 of *Capital* on 'Co-operation' Marx remarks (1976a, 440–41) that with the determination of individual wage-workers as members of a directly collective productive body within the workshop, the value they produce comes to be the *organic* result of their collective working day, so that 'each individual man's day is an aliquot part' of the latter. Thus, 'whenever a certain minimum number of workers are employed together', individual qualitative differences from the average worker 'compensate each other and vanish' (440). The point is therefore that the consequence of the determination of the collective labourer as the material subject of value-positing is the practically-objective constitution of commodity-producing labour as *average social labour*. However, the kind of qualitative divergence in the individual productive attributes of wage-workers that Marx refers to in these pages is *not* the one that derives from '*acquired*' skills (which are those that count for the determination of complex labour). Rather, he clearly refers to the cancelling out of individual differences in '*natural*' skills, and therefore to one of the aspects of the reduction of *individual* to *socially necessary* labour. But there are no reasons why the formation of the collective labourer would make the incidence of 'specialised labour' on value-production vanish. Here it is important to remember that at stake in the complex labour reduction problem is the production of two *different use-values*. And even if each commodity is now considered as the immanent product of a collective labourer, what happens is simply the practically-objective constitution of an *average degree of complexity* or *skill level* for each 'workshop as a whole', out of their respective compositions of the individual ('acquired') skills of its members. The greater the average degree of complexity of a certain collective labourer, the (proportionally) greater the magnitude of value produced. In sum, qualitative differences derived from divergences in 'acquired' skills do not vanish with the formation of the collective labourer as the material subject of capitalist commodity production. The complex labour 'reduction problem' therefore still stands unsolved.¹²

The remaining group of contributions to examine is that which approaches the skilled labour reduction problem by resorting to capital's tendency for the universal and absolute deskilling of human labour in its search for relative surplus value (Carchedi 1991, 130–34; D. Harvey 2006, 57–61; Itoh 1987; Kay 1976; Sekine 1997, 39; 2020, 193–96, 205–6, 558; Uno 1977, 32n2). There are at least three issues which undermine this attempt at a solution. In the first place, as we have already seen (and will discuss further below), according to Marx the treatment of this reduction pertains to the level of abstraction of the *simplest determinations of value* (a fact that his critics like Böhm-Bawerk perceptively and duly noted). Without solid grounds for the value-form already established at that systematic level, the whole subsequent development of form-determinations cannot but rest on shaky foundations. But this is precisely what happens if, as these scholars propose, the explanation of the reduction is deferred to the systematic level of the capital-form. One could of course decide, for presentational reasons, to postpone the full exposition of a certain determination until a more concrete level of abstraction is reached. But such an explanation must surely be *possible* to be developed

at the more abstract systematic level, which certainly cannot be done if based on capital's tendency for deskilling. In the second place, even at a theoretical level, the tendency for the degradation of the productive attributes of wage-labourers is not the only one presiding over the transformations of the capitalist labour process brought about by the increasing automation process of large-scale industry (although the former is admittedly the one that captured Marx's focus in *Capital*). As a matter of fact, large-scale industry also involves another tendency for the *expansion* of the productive attributes of the part of the collective labourer responsible for the advance in the conscious control of the movement of natural forces (that is, science) and its technological applications in the directly social organisation of immediate production process. Although not explicitly addressed by Marx in *Capital* (but see Marx 1976c, 1039–40), it is clear that the production of relative surplus value requires from these workers ever more *complex* forms of labour. As much as those discussed in *Capital*, these are also 'immediate effects of machine production on the worker' (see Starosta 2016, 233ff.). Finally, even if we disregard this other tendency, the fact remains that as all tendencies, that which deskills labour-power is only realised gradually or by degrees. Thus, special skills are not eroded overnight but through a long-drawn-out historical process. And as long as differences in the degree of complexity of different labours persist 'empirically', the question of the determination of the value of the products of skilled labour still stands in need of a solution.

The determination of complex labour in value-production

As argued above, a key insight in Marx's *analysis of the commodity* that needs to be recovered for the purpose of addressing the skilled labour problem is that it is the fetish-like value-objectivity that socially makes different commodities count as qualitatively identical and which, therefore, negates 'in practice' all qualitative differences intrinsic to the materiality of the varied kinds of labours that produce them. The *analysis of commodity-producing labour* must therefore consist in finding an underlying material qualitative identity behind its apparent varied concrete forms. Specifically, Marx identifies in chapter 1 of *Capital* three kinds of qualitative differences which appear at first sight to negate the role of labour as the homogeneous substance of value.

The first difference pertains to the determinate character of each concrete labour. Evidently, 'tailoring and weaving are qualitatively different forms of labour' (Marx 1976a, 134). As we have seen in the first chapter of this book, the qualitative difference immanent in the different forms of labour thereby becomes transcended in the determination of value-positing labour as a sheer expenditure of human labour-power, with those varied useful labours determined as 'merely two different forms' of that expenditure.

In the second place, there is the diversity in the individual expenditures of labour in the production of the same use-value. According to Marx (1976a, 129), these derive both from the differences in the dispositions and 'natural' abilities of commodity producers and, more fundamentally, from the technical conditions

of production. In this respect, Marx argues that these differences are transcended by the value-form insofar as it is only the amount of individual labour-time that accords with the *normal* conditions of production and the average degree of skill and intensity that counts for the determination of the magnitude of value (129).

The third qualitative difference that comes up in the analysis of commodity-producing labour is precisely that which characterises complex labour, which we will therefore examine more closely. Marx (1976a, 134–35) notes here that ‘human labour-power must itself have attained a certain level of development before it can be expended in this or that form’. The analysis of labour as *actuality* now passes over to the analysis of labour-power as the human *potentiality* for that productive activity. Thus, the different labours which had been reduced to their common quality as mere productive expenditure of human corporeality, now turn out to be further differentiated qualitatively on the basis of the varying degrees of complexity of the respective labour-powers of which they are an expenditure. In the face of this distinction, Marx first reminds the reader the *lack of qualitative difference* with which ‘objectified labour’ appeared when it was discovered as the substance of the value. In effect, in the discovery of the content of the ‘ghostly objectivity’ of value, labour did not appear as the actualisation of a labour-power that has attained more or less development but as mere ‘homogeneous human labour’. Similarly to the previous two cases, the need to transcend this difference must consist in revealing the specific way in which the value-form extinguishes ‘in practice’ those different qualities in commodity-producing labour. In this case, Marx concludes that the labour represented in the value of commodities is ‘*simple average labour*’, i.e. ‘the expenditure [...] of the labour-power possessed in his bodily organism by every ordinary man, on the average, without being developed in any special way’ (135).¹³ Therefore, *through the value-form* all those labours whose performance requires a more complex labour-power are *socially* represented as a quantitative sum (or multiple) of units of simple labour, which results from the consequent *practical* reduction of the production of skilled labour-power itself to an accumulated expenditure of simple labour-power.

As we have seen, this explanation does not suffice to *qualitatively* specify the simple labours that must be considered in the production of more complex labour-power and, *therefore*, to be able to *quantitatively* establish the degree in which the value-positing powers of complex labour become multiplied. We have also seen that the subsequent Marxist debate also failed to approach the question in a manner which is consistent with the analysis of the commodity that Marx did provide in *Capital*. Let us, therefore, elaborate further on the value-positing powers of skilled labour on the basis of the simplest determinations of the value-form.

Following Marx’s analysis of the commodity, we have argued that only privately-undertaken social labour is value-producing. A first corollary of this is that only those simple labours which have been privately organised *vis-à-vis* the consumer of the product of complex labour must be considered as being socially represented in the latter’s value. The crucial question that follows is when does the private production of ‘complex commodities’ actually start? Under a mode of production in which social labour is privately-undertaken, the actual starting

point of the organisation of any productive activity is the recognition by the private producer of a potentially solvent social need for a determinate use-value. Now, if the production of the latter actually requires the expenditure of a ‘specially-developed’ labour-power, the private organisation of social labour actually commences with an earlier step, namely, the production of a labour-power with the requisite determinate quality (hence complexity). Thus, the commodity-producer must firstly expend privately their simple labour-power with a view to developing the productive attributes that must be set into motion in order to produce the said ‘complex commodity’. In other words, they must *learn* to make that potentially needed use-value. Note that this latter privately-undertaken expenditure of simple labour-power is exerted solely with the purpose of producing the ‘complex’ use-value under consideration. In this sense, it can hardly be distinguished from the expenditure of simple labour-power entailed by the production of the most ‘prosaic’ commodities. More concretely, it is part of the conscious expenditure of the bodily productive powers of the human being, which is organised in a private manner, and which, therefore, is an equally constitutive part of the socially necessary labour-time that becomes objectified as the value of its product. Thus, as Iñigo Carrera (2021, 83) puts it, complex labour ‘is a simple expenditure of human labour-power whose initial purpose is not the production of a use-value which is external to the subject who is performing it, but the development of this very working subject’s aptitude to produce’ such more ‘complex’ use-values.

Now, the discussion so far might seem to just reinstate, maybe with greater precision, the classic ‘Hilferding–Bauer’ solution. But let us examine more closely the part of the production process that corresponds to the development of complex labour-power. At the start of the process, the commodity-producer is, as ‘every ordinary human being’, evidently endowed with *simple* labour-power. No prior expenditure of labour-power is needed to undertake the special development of their own labour-power. However, during the time in which they are learning their complex ‘trade’, the commodity-producer must obviously reconstitute the simple labour-power which has been expended in the learning process. And this means that they must consume certain use-values which, for the sake of simplicity, we shall assume that are all the product of privately-performed social labour, that is, commodities. What is more, the special development of their complex labour-power might entail the consumption of certain specific commodities beyond those necessary for the reconstitution of simple labour-power; for instance, the services of a ‘technical educator’, as usually exemplified in the classic Marxist discussion. It might then seem that all the social labour materialised in those commodities that reconstitute or further develop the labour-power of the complex commodity-producer during the learning process, must be included in the determination of the value of the product of skilled labour. Indeed, those labours appear to have no purpose other than the production of a skilled labour-power and, through this mediation, the production of the ‘complex commodity’ under consideration. As a matter of fact, this is the conclusion drawn by the classic solution. However, we think that this conclusion is faulty and is the source of the aforementioned confusion of constant and variable capital rightly highlighted by critics of the classic solution.

In effect, as follows from Marx's theory of the value-form, the labour objectified in the commodities consumed by the private owner of labour-power for the sake of their personal material reproduction does not enter the formation of the value of the commodity that they produce. The reasons for this are quite straightforward. At the level of abstraction of the simple circulation of commodities, the final goal of the social metabolic process is the 'consumption, the satisfaction of needs, in short use-value' (Marx 1976a, 135). It thereby follows that when those commodities needed for the production of labour-power are consumed by the commodity-producer, the transformation of the materiality of those means of subsistence into productive attributes of the human subject brings this particular cycle of social reproduction to a close. The labour objectified in them, which had been privately-undertaken, thus achieves final recognition as socially-useful and so do their products as social use-values which, through the consumptive appropriation of their materiality, are eventually realised. And as these commodities' social use-value is definitively extinguished through their use or consumption, so is the value of which they were 'material bearers'. Thus, when the commodity-producer in question undertakes the organisation of the private production of a use-value that they deem socially-useful (whether simple or complex), no trace of the value of the commodities they had consumed to produce their labour-power actually exists. In fact, a *new* cycle of social reproduction starts afresh, which might (or not) yield a social use-value, whose consumption by another member of society will bring the former to a close.

In brief, our point is that the only simple labours that become condensed in the 'direct' labour that produces use-values external to the working subject, and which thereby turn into complex labour, are those privately-performed by the commodity-producer in order to develop the productive attributes of their labour-power that were subsequently set into motion in the direct production process of the respective use-value. To put it in terms of the classic debate, the only labour that enters the determination of the multiplied value-positing powers of complex labour is that of the 'student'. Hilferding's and Bauer's respective mistake, uncritically reproduced by all those other Marxists that followed their flawed solution, was to lump the student's labour together with that of the 'technical educator', thus overlooking the fact that the latter and the former play entirely different parts in the social production process.

All this discussion allows us to draw two fundamental preliminary conclusions. In the first place, the differences in complexity of the varying commodity-producing labours are overcome 'in practice' by the value-form through the social representation of all objectified labour as an accumulation of simple labour. In the second place, the higher value of the product of skilled labour is actually explained by the same determinations as in the case of any other commodity: by the privately-performed socially necessary abstract labour required for its production. The key, however, resides in being absolutely clear and precise about which private labours are socially necessary *just* for the production of the *product of skilled labour*. And these come down to the living labour of the skilled worker, the 'dead' labour objectified in the means of production utilised by living labour in the production process

and, crucially, the labour expended *by the skilled labourer themselves* (and *not that expended by the 'technical educator'*) with a view to acquiring the skills which are *socially necessary for the production of the said 'complex commodity'*.

Now, as should be methodologically evident, this latter conclusion cannot be altered when we consider value-production as a moment of the production of capital. Under the command of capital, commodity production is mediated by the determination of labour-power as a commodity (Marx 1976a, 271). Consequently, what we previously considered as a single private production process becomes split into two separate processes: one which produces the commodity 'complex labour-power' and another that produces a 'complex commodity'. Furthermore, when subsumed under capital, the goal of social production is no longer the satisfaction of needs but the valorisation of value. Hence, in capitalist society, the process of individual consumption does not bring each cycle of the process of metabolism to a close. The latter moment is reached in the sphere where labour-power is consumed for the production of more value than its reproduction costs, which is the phase of *productive* consumption or the labour process (Starosta and Caligaris 2016). The process of value-production of the product of complex labour must be reconsidered in light of these more concrete determinations.

As argued above, this process starts with the development of skilled labour-power by the labourer themselves. But now the material unity between this phase of the production process and the actual making of the 'complex commodity' is formally mediated by capital's purchase of (skilled) labour-power as a specific commodity 'whose use-value possesses the peculiar property of being a source of value' and which, 'like all other commodities [...] has a value' (Marx 1976a, 270, 274). The latter is the value of the commodities that the wage-worker has consumed for their own material reproduction which, insofar as the cycle of social reproduction no longer ends with individual consumption but with the valorisation of capital, reappears as the value of the commodity labour-power, instead of being annihilated through the consumption of means of subsistence, as happened with the simple commodity-producer.¹⁴ Thus, capital purchases complex labour-power alongside the requisite means of production to set the valorisation process into motion. In this process, the concrete living labour of the wage-worker transfers (hence preserves) the value of means of production onto the product. But things are different with the value of labour-power. As (skilled) labour-power is effectively consumed (and thereby exploited) by capital in the immediate production process as a specific commodity which can produce surplus value, its use-value suffers final appropriation and, with that, its value is definitively extinguished. On the other hand, that very consumption of labour-power by capital privately produces new 'complex commodities' and hence, new value (which reproduces variable capital and yields surplus value). Crucially, note that in this process *absolutely no trace of the privately-performed past social labour required for the production of skilled labour-power remains in need of recognition of its social usefulness. Hence, not an 'atom' of that part of social labour must be represented as the value of the product of skilled labour*. As happened at the level of abstraction of simple commodity production, the value of the product of skilled labour is solely formed by

the simple individual labour expended by the wage-worker in the production of their skills, the new living labour they perform to make the ‘complex commodity’ and the value of means of production (that they preserve at no cost for capital).

Now, at first sight, this discussion seems to clash with Marx’s repeated remarks that skilled wage-labourers produce more value per unit of time than simple labourers in a ratio that reflects the higher value of their labour-power, so that the rate of surplus value remains identical in both cases (see Section ‘Marx on skilled labour’ above for references). However, we think that it is possible to make both arguments consistent. In our view, Marx was probably assuming that the use-values needed for the daily reproduction of each type of labour-power are quantitatively and qualitatively identical (and that their respective ‘retirement ages’ are equal). Thus, for each day that the skilled labourer spends on the acquisition of their skills, there will be an equally proportional increase in both the value of their labour-power and their multiplied value-positing powers. Although this identity of ‘consumption norms’ could sound problematic from a contemporary viewpoint, it might have been reasonable for Marx to make that assumption in a historical period when he observed a high degree of, and growing tendency for, homogeneity in the conditions of material reproduction of wage-workers. Thus, rather than postulating a *causal link* between the higher value of skilled labour-power and its multiplied value-positing powers, we think that Marx was simply taking the former as a relatively accurate ‘*observable*’ indicator of the latter.¹⁵ Nevertheless, this does mean that any qualitative or quantitative difference in the respective daily consumption requirements of skilled and simple wage-labourers, necessarily implies the existence of different rates of surplus value. But, as argued elsewhere, this implication does not compromise the validity of Marx’s explanation of the source of surplus value in the exploitation of the wage-worker (Starosta and Caligaris 2016).

Conclusion

This chapter has critically examined the controversies over the determination of complex labour in value-production and offered an alternative solution which is consistent with the Marxian critique of political economy. Key to this endeavour has been the recognition that Marx’s own treatment of the question is at the very least incomplete. Thus, although we showed that the critiques of the Marxian solution do not rest on solid foundations, Marx certainly did not spell out (or at least not systematically enough in light of subsequent controversies) the *qualitative* determination that specifies the simple labours that constitute complex labour, and whose *quantitative expression* is manifested in the degree in which its value-positing powers become multiplied.

In our reconstruction of the history of the ‘skilled labour’ debate, we have critically reviewed the different solutions put forward by Marxists and showed that none of them manages to remain consistent with the foundations of the Marxian critique of political economy. By contrast, we have offered an alternative approach that is grounded in a rigorous reading of the ‘analysis of the commodity’ presented in the opening pages of *Capital*. In the first place, we argued that the differences in

the complexity of labour are eliminated in practice through the value-objectivity characterising the commodity-form of the product of labour. In effect, the labour objectified in the commodity becomes *socially* determined as simple labour as far as its historically-specific role as substance of value is concerned. In the second place, we argued that the degree in which complex labour counts as a multiple of simple labour in value-production is solely determined by the expenditure of simple labour-power that the complex labourer needs to undertake in order to produce their own specially-developed labour-power.

Notes

- 1 Similar critical arguments that emerged around the same time can be found in the works of Block (1884, 133), Adler (1887, 81–85), Pareto (1998, 299ff.) and Flint (1906, 147–49).
- 2 Bernstein draws upon a work by Buch (1896), who attempted to place value theory on ‘physiological’ foundations by focusing on the *intensity* of labour and taking variations of wages as indices of the different degrees of intensity. Buch’s contribution also influenced Liebknecht’s (1902, 102–3) proposed solution to the ‘reduction problem’, which consisted in the representation of complex labour as more intense, thus involving a greater expenditure of energy.
- 3 Despite Hilferding’s trenchant critique of Bernstein, the connection between the value of complex labour-power and the value of its product has not been left completely behind in the literature. See, for instance, Cutler et al. (1977) and Hiroyoshi (2005).
- 4 Although Bauer drew on Deutsch on the ‘reduction problem’, he parted company with the latter’s argument concerning the determination of the value of complex labour-power. Thus, Deutsch (1904, 23ff.) included the student’s labour of ‘self-education’ in the cost of production of skilled labour-power and therefore concluded that the rate of surplus value of the skilled labourer is necessarily lower than that of the simple labourer. By contrast, Bauer considered that the student’s labour of ‘self-education’ does not enter the determination of the value of their labour-power. As a consequence, the rate of surplus value of the skilled labourer is actually *higher* than that of simple labour.
- 5 This reading continues to be highly influential to this day. See, for instance, Cockshott and Cottrell (1993, 23ff.); A. Lapidus (1993); Cotrim (2015); Greenblatt (2017).
- 6 An exception to this broad consensus from the Neo-Ricardian camp is the contribution by Bowles and Gintis (1977), who sidestepped the reduction problem through a mathematical model which determined the rate of profit and the prices of commodities by expressing the different skill requirements in the diversity of wages for each type of labourer. However, as Itoh (1987, 46) argued, this approach solved the reduction problem by simply making redundant the very concept of labour. Be that as it may, Bowles and Gintis’s intervention generated a lively debate among Neo-Ricardians (Bowles and Gintis 1978; 1981; Catephores 1981; Krause 1981; McKenna 1981; Morishima 1978; Steedman 1985).
- 7 This critique had actually been pioneered by Schlesinger (1950, 129); see also Ciafardini (1975). An antecedent to Tortajada’s critique of the classical solution can be found in the pages of the 1974 issue of *Annales de la Faculté de Droit et des Sciences Economiques de Reims*, where the different contributions referred to the Hilferding–Bauer approach as the ‘theory of value transfer’ (Duharcourt 1974; Dumasy 1974; Rasselet 1974; Victor 1974).
- 8 This solution clearly resonates with the so-called ‘deskilling thesis’ formulated in the seminal work by Braverman (1998). As we comment below, this thesis is a one-sided reduction of the two-fold movement of degradation *and* expansion of the productive subjectivity of the collective labourer required by the system of machinery to one of

- its moments. See Iñigo Carrera (2013, 42). One of the immediate reasons behind such a unilateral account lies, as Tony Smith (2000, 39) points out, in its very restricted definition of ‘skill’, very much referring to manufacturing skills.
- 9 The consideration of more complex labour as more productive is actually quite old and was pioneered by Boudin (1920, 113–17). See also Rasselet (1974) and Duharcourt (1974).
 - 10 This train of thought had already been developed by Kidron (1968). More recently, it has been advanced by Choonara (2018).
 - 11 We examine Bidet’s ‘circulationist’ explanation of extra surplus value in the next section.
 - 12 The second step in Bidet’s argument is to submit that a collective labourer with a higher composition of skilled labourers does experience an increase in the ‘overall productivity of the workshop’. And since in his particular take on the source of extra surplus value, which Marx discusses in chapter 10 of *Capital*, exceptionally productive labour is seen as creating in equal periods of time greater values than average social labour of the same kind (Bidet 2007, 20–21), a greater incidence of ‘specialised labour’ in a collective worker leads to a concomitant increase in the amount of value produced. In our view, that an increase in the productivity of labour allows the respective individual capital to temporarily appropriate an extra surplus value, does not change the fact that ‘a definite quantity of labour time continues to be represented in the same magnitude of value’ (Marx 1988, p. 334; see Chapter 6 of this book). In effect, if value-positing is a process taking place in production and not in circulation, and provided that the total extensive and intensive expenditure of labour-power does not change as a result of the introduction of technical innovation, it follows that the total mass of value produced remains the same before and after the productivity increase. Besides, we have seen that explanations based on the association of complexity and productivity conflate determinations pertaining to the production of different use-values with those pertaining to use-values of the same kind.
 - 13 All labour-power needs at least *some* prior expenditure of human labour with a view to developing the productive ‘mental and physical capabilities existing in the physical form, the living personality of a human being’ (Marx 1976a, 270). *Simple* labour power is that whose requirements of prior ‘learning’ are the minimum which is necessary to perform productive labour in a given society. It, therefore, changes as the development of the productive powers of social labour transforms the *normal* material constitution of human productive subjectivity. This is the reason why Marx clarifies that simple labour ‘varies in character in different countries and at different cultural epochs, but in a particular society it is given’ (135). See Iñigo Carrera (2021, 52–53).
 - 14 See Starosta and Caligaris (2016) for a more extended discussion of this.
 - 15 Against this backdrop, it is noteworthy that in the French edition of *Capital*, Marx decided to remove the sentence which stated that the expenditure of complex labour was represented ‘in proportionally higher values’ (Marx 1872, 84; 1976a, 305).

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5 Rethinking the determination of the value of labour-power

Introduction

Although probably not as widespread as debates on the simpler determinations of the value-form, the commodity-form taken by labour-power and, *a fortiori*, the determination of its value, have also been at the centre of the controversies surrounding the Marxian critique of political economy. However, the discussion has not shed much new light on the central question about the determination of the use-value composition of so-called ‘wage-goods’ consumed by workers. Yet, as some authors have pointed out (e.g. Fine et al. 2004), the nature of those means of subsistence is a fundamental element of Marx’s account of the value of labour-power. Despite this centrality, the use-value dimension of the worker’s consumption has not been a fundamental matter of inquiry. A possible reason for this can be found in what seems to be a widespread implicit consensus on the determination of the range and quality of use-values that enter into the determination of the value of labour-power. For most Marxists, the consumption bundle of the working class involves a two-fold determination. On the one hand, it is determined by the need to guarantee the ‘physical’ reproduction of workers. On the other, it is determined by the class struggle. It is this latter component which, allegedly, sets Marx’s approach apart from Ricardo’s ‘beast of burden’ view of the determination of the ‘value of labour’ (Rubin 1989, 279), thereby going beyond the ‘iron law of wages’ that reduced their level to that which is strictly necessary for the biological reproduction of workers.

The first aim of this chapter is to challenge this received wisdom on the determination of the value of labour-power. In particular, we take issue with the aforementioned ‘two-component’ account of the determination of working-class consumption, i.e. with the view that posits the material reproduction of workers and the class struggle as two *independent* factors that determine the number and type of ‘wage-goods’. On the one hand, despite its widespread acceptance among Marxists, this reading has no solid textual basis on Marx’s major economic works. On the other hand, and more importantly, we will argue that it rests on a problematic separation of the actual immanent unity between materiality and social form in the capitalist mode of production. In effect, once the qualitative and quantitative composition of the use-values that enter into the determination of

the value of labour-power is seen as *determined* (wholly or in part) by the power relations between social classes, working-class consumption is inevitably rendered external to the historically-specific social form taken by the materiality of the metabolic process of humanity, i.e. capital. More concretely, we will show that the two-component perspective on the consumption bundle of wage-workers overlooks the material basis that *grounds* the potentiality of working-class struggles over the conditions of reproduction of labour-power. As we will see, this foundation lies in the transformations of the productive attributes of the collective labourer that result from capital's search for relative surplus value through the material revolutions in the labour process.

In this sense, the second aim of this chapter is to propose an alternative approach to the determination of the value of labour-power that re-establishes the inner connection between the materiality of the process of production and its social form. Specifically, we argue that the value of labour-power is determined by the value of the commodities that wage-workers need to consume in order to reproduce the materiality of the *whole range of productive attributes* that capital demands from them at different times and places; including both the 'technical' manual and/or intellectual skills and knowledge, and what we shall term 'moral' attributes. On these grounds, the chapter further argues that the class struggle does not *determine* the value of labour-power; it only *mediates* its full *realisation*.

The 'received wisdom' and its limits

As mentioned above, most if not all Marxists tend to take for granted that the class struggle determines, at least in part, the customary living standard implied in the reproduction of the class of wage-workers. There are, however, variations within this theme.

At one end of the spectrum, some scholars conceive of the class struggle as the fundamental (or rather, the only) determinant of the value of labour-power. For instance, this is the case of authors belonging to the so-called 'New Solution' perspective, who have questioned the commodity nature of labour-power on the grounds that it is not the product of a capitalist production process (Mohun 1994). As Mavroudeas (2001, 55) perceptively notes, the implication of the 'New Solution' approach is that the value of labour-power must be considered, in a rather Smithian fashion, as the quantity of *labour commanded* by the money-wage, which in turn is solely determined by the class struggle in the sphere of distribution (or maybe mediated through specific institutional arrangements). The 'Autonomist' theory of the political determination of the wage can also be seen as sharing in this broad perspective, albeit with a more orthodox focus on the class struggle in production (thus preserving the link between socially necessary labour-time actually expended in the production of 'wage-goods' and the value of labour-power, which is lost in the 'New Solution' approach) (Cleaver 2020, 80–85; Negri 1991, 132–33). Despite their differences, however, for both perspectives, the determination of the value of labour-power ultimately comes down to a simple expression of power

relations between social classes. There are two problems with this. Firstly, the objective social basis of the respective power of each social class is left without explanation. More importantly, since thus conceived the value of labour-power bears no relation to the conditions in which labour-power is expended in the direct process of production, all connection is lost between the reproduction of the capital relation and the materiality of the human metabolic process in its unity (i.e. the nexus between social production and consumption).

However, the majority of Marxist scholars tend to support a more nuanced view that hinges on the distinction made by Marx (1976a, 275) in chapter 6 of *Capital* between the 'physical' element of the value of labour-power ('natural needs, such as food, clothing, fuel and housing') and the 'historical and moral' component (i.e. needs 'which depend therefore to a great extent on the level of civilization attained by a country' and 'on the conditions in which, and consequently on the habits and expectations with which, the class of free workers has been formed'). Insofar as the former element is usually seen as somehow linked to the recovery from the prior expenditure of labour-power in the direct production process, the materiality of the reproduction of the wage-labourer is taken into consideration by this approach. However, these authors add to what they consider to be the strictly material element of the value of labour-power, a historical and social element constituted by the customary standard of living, which in turn is seen as determined by the class struggle.¹ Whilst this perspective on the value of labour-power is more rigorous and consistent with the Marxian critique of political economy, it is not itself exempt from shortcomings.

The first thing to note is that despite its widespread acceptance among Marxists, the idea of the determination of the value of labour-power by the class struggle has no supporting textual evidence from Marx's writings. There is no single passage in *Capital* (or in other works for that matter) in which he states that the average amount and qualitative nature of means of subsistence results from the balance of class forces. More specifically, at no point does Marx state that, in contrast to the physical element of the value of labour-power, the historical and moral element is constituted by the class struggle. What he does say is that the latter component expresses the specific conditions inherited from pre-capitalist social relations underlying the history of the genesis of each national fragment of the global working class, i.e. the 'general level of civilization' attained in a particular place at a particular time. In Marx's (1985, 145) own words, 'the important part' in the determination of those social conditions is not played by the class struggle but, as he puts it in *Value, Price and Profit*, by 'historical tradition and social habitude'.

Incidentally, it is from that Marxian text from which some scholars draw the textual evidence for the idea of the class struggle as determining the value of labour-power; for instance, this is the case with Kenneth Lapides's (1998) detailed study on *Marx's Wage-Theory in Historical Perspective*. However, in those passages, Marx only states that the fixing of the actual degree of *profit* among the immense scale of possible variations up to its maximum is settled by the continuous struggle between capital and labour. This maximum corresponds to the 'physical minimum of wages and the physical maximum of the working day' (Marx 1985, 146). In other words,

it corresponds only to the physical component of the value of labour-power. Thus, what Marx discusses in that work is the extent to which the class struggle manages to make the actual level of the *wage* approximate the full value of labour-power, which includes the traditional living standard above the physical minimum. In fact, in *Capital*, the situation of a price of labour-power falling below the traditional living standard to its minimum is characterised by Marx (1976a, 277) as involving the purchase of labour-power below its value. But he does not state that the traditional standard of living itself (and *a fortiori* the full value of labour-power) varies according to the ebbs and flows of the class struggle.

This takes us to the second issue to be considered here, which is fundamentally methodological. Even if we set momentarily aside the question about the connection between the class struggle and the determination of the value of labour-power, there is a problematic aspect to the received wisdom on the two components reviewed above. For in that reading, the ‘historical and moral’ component is seen as a generic feature of the value of labour-power whose content and definition are exhausted in chapter 6 of *Capital*. However, that perspective overlooks the systematic place and significance (i.e. the level of abstraction) of Marx’s reference to that aspect of the value of labour-power. More specifically, that reading misses the point that Marx introduces his comment on the ‘historical and moral’ component in the context of the *formal subsumption of labour to capital*. That means that at that stage of the exposition, the determination of the value of labour-power is an external, given presupposition to the movement of capital. The reason for this is that the labour process itself, and therefore also the materiality of the physical and intellectual productive attributes of wage-workers and the consumption basket needed to reproduce them, are at that stage external to the reproduction of the capital-form. In this sense, one could argue that the discussion in chapter 6 of *Capital* corresponds to the *simplest* or *most abstract* determination of the value of labour-power. However, we shall argue that the determination of the value of labour-power is not exhausted at that abstract level but involves further concretisation as we move from the formal to the *real subsumption of labour to capital*, and from the latter to the reproduction of the total social capital. Now, before elaborating further on these issues, it is firstly necessary to probe deeper into the simplest determination of the value of labour-power. We do this in the next section through a critical examination of Marx’s own views as presented in *Capital*.

Marx’s discussion of the most general determinations of the value of labour-power in *Capital*: a critical reading

Let us start by noting a methodological tension running through Marx’s exposition itself. As in many other places in *Capital*, in this discussion, Marx tended to present the *systematic* content of his argument (hence the general determination at stake) through the concrete *historical* form of realisation of that determination. Thus, whereas from the systematic point of view, the only relevant point to make was the *externality* of the value of labour-power as a ‘*conceptual*’ presupposition *vis-à-vis* capital’s movement of self-valorisation, Marx presented this

determination as constituting a *historical* presupposition of the capitalist mode of production. In effect, we have shown that he considered that customary standard of living as a result of capital's 'pre-history', which is carried over by what he faced as the geographically variegated 'habits and expectations' of the class of free wage-workers. This presentational strategy is not without merits. For what can be more external to capital than that which has been inherited from *pre-capitalist* social forms? The downside is that it risks muddling the systematic and historical strands of the argument.

Be that as it may, the main thrust of Marx's (1988, 42) argument about the determination of the quantity and quality of the bundle of commodities that constitutes the value of labour-power is that it is resolved into what is 'needed to maintain it, i.e. to maintain the worker's life as worker, so that having worked today he will be able to repeat the same process under the same conditions the next day'. As Marx (1976a, 275) puts it in chapter 6 of Volume I of *Capital*, 'the means of subsistence must therefore be sufficient to maintain him in his *normal state* as a *working individual*' (emphasis added). Several key issues follow from this.

In the first place, this implies that it is the consumption of those means of subsistence that (re)produces 'the muscles, nerves, bones and brains of existing workers' (Marx 1976a, 717) that materially bear 'the aggregate of those mental and physical capabilities which he sets into motion whenever he produces a use-value of any kind' (270). In other words, it is through the appropriation of those use-values that the worker (re)produces the *materiality* of their *productive subjectivity* which, as Marx discovered as early as 1844, is nothing more (but also nothing less) than their human individuality or species-being. Consumptive activity, therefore, reproduces the materiality of the specifically-human attributes of the individual: their productive consciousness and will, i.e. 'what distinguishes the worst architect from the best of bees' (284). The other side of the same coin, however, is that the 'amount and quality of the means of subsistence, and therefore also the extent of needs' (Marx 1988, 42), that enter into the wage-worker's consumption bundle, can have no material determination other than that which is necessary to reproduce whichever specific form the productive 'ability, aptitude and power enclosed in the living body of the worker' takes 'at a certain level of civilization'.

Furthermore, this raises the question as to what exactly Marx means by the '*normal state* as a *working individual*'. A first self-evident but trivial answer is that the wage-labourer must be able to act in the particular labour process in which they usually take part. However, a passage quoted above from the 1861–1863 *Manuscripts* is a little more specific: they must be able to repeat their participation in the labour process *in the same conditions* as the previous day. The question, therefore, turns to what is entailed by those conditions. In many passages, Marx gives the impression that he has in mind only the *physical* reconstitution of the wage-worker as implicated in the normal state of their labour-power. Thus, in chapter 6 of *Capital*, he explicitly refers to those same conditions in relation to health and strength (Marx 1976a, 275). At some point in the 1861–1863 *Manuscripts*, he adds 'vitality in general' to the list (Marx 1988, 51). These formulations can lend themselves to the association of the normal state of labour-power solely with

the so-called 'physical' component of the value of labour-power. However, two arguments militate against this reading.

Firstly, in those preparatory manuscripts, just a few lines below, Marx (1988, 51) introduces a clarifying remark stating that 'it is hardly necessary to mention here that the head belongs to the body as well as the hand'. We take it to mean that the normal state as a working individual involves not only fully functioning physical capabilities but also *mental* capabilities whose aggregate constitutes labour-power in its unity according to Marx's own definition. This is to some extent self-evident insofar as the particular concrete labour performed by some wage-workers might involve mainly intellectual activity (e.g. academic labour). Both Marx's stress on the physical 'wear and tear' of labour-power and his clarification that mental capabilities must not be forgotten, might have to do with the fact that in his time the great majority of workers performed mainly manual labour in the direct production process and intellectual wage-labour was scarcely developed. However, we shall argue below that much more is involved in the normal reproduction of those mental capabilities than what Marx insinuates. Secondly, Marx in *Capital* is unambiguous and states that the reduction of the price of labour-power to a magnitude which only covers the ultimate minimum given by the *physically* indispensable means of subsistence, involves its fall below its value. As we see it, the upshot of this is that for Marx it is the overall customary living standard, *including* the 'historical and moral' component, which constitutes the wage-labourer's 'normal state as a working individual'.

Now, once we rule out the idea that the *normal* conditions of purchase of labour-power that determine its full value do not come down to the physical or narrowly technical aspect of the wage-worker's productive attributes, and consider that the customary dimension of working-class consumption can no longer be referred back to a pre-capitalist residue or is not determined by the class struggle, the question about the determination of the 'historical and moral' component still remains unanswered. Unfortunately, Marx's own writings do not *explicitly* pursue the issue any further. However, we think that implicit in other texts that have not captured the attention of most commentators, it is possible to find the elements for a reconsideration of the determinations of the value of labour-power which can address the unanswered question about the 'historical and moral component'.

Rethinking Marx's account of the determinations of the value of labour-power

This latter point dovetails with another key issue worthy of discussion following from Marx's simplest definition of the value of labour-power. It also relates to the aforementioned broader significance of the mental capabilities that comprise labour-power. For the productive attributes of workers (and so their productive subjectivity), do not just include those that are strictly necessary for the labour process in a restricted technical sense (the specific knowledge required for the performance of the determinate productive tasks under their individual responsibility). Additionally, they comprise what, in keeping with Marx's terminology of the

historical and moral component of the value of labour-power, can be referred to as ‘moral’ attributes as well. By this we mean the aggregate of determinate forms of consciousness, self-understanding, attitudes and dispositions that *also* need to be set ‘into motion whenever [the workers] produc[e] a use-value of any kind’ (Marx 1976a, 270). These moral attributes are of course not natural but the product of history, and therefore vary with the ‘level of civilization’ attained by society, i.e. with the historically-specific technical configuration of the production process that constitutes the general material basis in each phase of capitalist development. Moreover, they differ for each partial organ of the collective labourer in accordance with the differences in the productive functions that each of them respectively undertakes under the command of capital. Crucially, primordial and generic among those moral attributes (hence cutting across every segment of the working class) is what, as argued elsewhere, constitutes the most general form of subjectivity taken by the alienated consciousness of the human individual in the capitalist mode of production, namely: the personal freedom of the commodity producer (Iñigo Carrera 2021; Starosta 2016, chapter 6). This freedom from direct relations of authority and subjection which, as Marx (1973, 159) puts it in the *Grundrisse*, is but a concrete form of the human individual’s ‘subordination to their own social power in an objective form’, is not simply an abstractly ideological, juridical or cultural form. It is first and foremost a *material* determination of the productive subjectivity of the human individual, a *productive power or attribute*. In reality, all those other dimensions of the moral productive attributes of wage-workers are diverse *specifications* of their abstractly-free consciousness as the *generic* determination of their subjectivity as private working individuals.

Maybe we can bring out this point more clearly by considering Marx’s comparison of the wage-labourer and the slave in chapter 7 of *Capital* on the labour process. There, Marx initially shows that the doubly-free subjectivity of the wage-labourer suffers a first material/productive mutilation in the organisation of their direct production process *vis-à-vis* the simple commodity producer with which the dialectical exposition began. In effect, the first manifestation of the specific determination of the labour process as capitalist (i.e. as a process of consumption of the use-value of the commodity labour-power) is that ‘the worker works under the control of the capitalist to whom his labour belongs’ (Marx 1976a, 291). In other words, the capitalist now personifies the *productive consciousness* of the *unity* of the wage-worker’s direct labour process in the name of their capital. In this sense, compared to the simple commodity producer, the wage-worker experiences a relative loss of the full control over the individual character of labour that constituted the specific material determination of the former’s freedom. However, Marx notes in a footnote that unlike the case of the slave’s reduction to an *instrumentum vocale* in antiquity, this material mutilation of the modern wage-labourer’s productive subjectivity in the labour process is not total (303n18). Although through their direct control ‘the capitalist takes good care that the work is done in a proper manner and the means of production are applied directly to the purpose’ (291), i.e. that only socially necessary labour is expended, it ultimately remains the free wage-worker’s individual responsibility that this is so (since the wage-workers’

objective or *material* subjection to the ‘dull compulsion of economic relations’ constantly reminds them that acting responsibly is part and parcel of being a free person). This permits the introduction of more complex and sophisticated means of production *vis-à-vis* the modes of production based on slavery, in which only the ‘rudest and heaviest implements are employed’, since the slave reminds ‘both beast and implement that he is none of them, but rather a human being [...] by treating the one with brutality and damaging the other *con amore*’ (304). In other words, the sense of individual responsibility characterising the modern free subject is itself a productive force insofar as it expands the range and quality of means of production that can be set into motion in the direct labour process.

This *productive or material* determination of the wage-worker’s formal freedom *vis-à-vis* the relative mutilation implied by the different relations of personal domination and subjection is developed by Marx with great depth and detail in the *Results of the Immediate Process of Production*. In those pages, he observes from the outset that although ‘*technologically speaking*, the *labour process* goes on as before, with the proviso that it is now *subordinated* to capital’ (Marx 1976b, 1026), there already is a material development in the productive forces entailed by this *simplest* determination of the *formal* subsumption of labour under capital. Thus, with this ‘formal change’ in the social form of ‘compulsion to perform surplus labour’, there is an increase in the ‘continuity and intensity of labour’ and the establishment of social conditions which are ‘more favorable to the development of *versatility among the workers*, and hence to increasing diversity in the modes of working and ways of earning a living’ (1026–27). The following passage from this same text eloquently and concisely captures the determination of the ‘idea’ of personal freedom as a productive attribute *vis-à-vis* the slave:

Compared to the independent artisan who makes goods for other customers, we observe a great increase in the continuity of labour of the man who works for a capitalist whose production is not limited by the haphazard requirements of isolated customers but only by the limits of the capital that employs him. In contrast to the slave, this labour becomes more productive because more intensive, since the slave works only under the spur of external fear but not for *his existence* which is *guaranteed* even though it does not belong to him. The free worker, however, is impelled by his wants. The consciousness (or better: the *idea*) of free self-determination, of liberty, makes a much better worker of the one than of the other, as does the related feeling (sense) of *responsibility*; since he, like any seller of wares, is responsible for the goods he delivers and for the quality which he must provide, he must strive to ensure that he is not driven from the field by other sellers of the same type as himself. The *continuity in the relations* of slave and slave-owner is based on the fact that the slave is kept in his situation by *direct compulsion*. The free worker, however, must maintain his own position, since his existence and that of his family depends on his ability continuously to renew the sale of his labour-power to the capitalist.

(Marx 1976b, 1031)

In this sense, note that wage-worker's freedom from 'all the objects needed for the realisation of his labour-power' (Marx 1976a, 273) does not simply involve a relative mutilation *vis-à-vis* the simple commodity producer. It also entails a relative expansion of their productive subjectivity. Marx mentions in this quote the greater productive power derived from the greater continuity of work. But one should add the increased universality associated with the versatility also mentioned by him. By contrast, the *systematic* figure of the simple commodity producer (in the *historical* figure of the independent artisan) tends to be attached to a particular form of the means of production and hence to a restricted manifestation of their productive subjectivity (see Marx 1976b, 1033–34).

This development is furthered by both the content and the concrete price-form as wage of the determination of the value of labour-power, which gives 'scope for variation (within narrow limits) to allow for the worker's *individuality*' (Marx 1976b, 1032) in the determination of the singularity of their conditions of reproduction. Thus, the *average* value of labour-power for the working class as a whole is composed of *diverse* values of labour-power for organs of the collective labourer of different complexity; the wage cyclically oscillates around the value of labour-power; finally, even within the same 'trade', individual 'wages vary depending on the diligence, skill or strength of the worker, and to some extent on his actual personal achievement' (1032). 'Thus', Marx concludes, 'the size of his wage packet appears to vary in keeping with the results of his own work and its individual quality' (1032). This contrasts with the conditions of the material reproduction of the slave, for whom 'a *minimal wage* appears to be a constant quantity [...] as something predestined, independent of his labour and determined by the mere needs of his physical existence' (1031–32). Individual productive qualities such as physical strength or special talent 'may enhance his value to a *purchaser*, but his is of no concern to him' since it does not impinge on their conditions of reproduction (1032). In sum, Marx concludes,

The effect of all these differences is to make the free worker's work more intensive, more continuous, more flexible and skilled than that of the slave, quite apart from the fact that they fit him for quite a different historical role.

(Marx 1976b, 1032–33)

What are the implications of all this for the simplest determination of the value of labour-power discussed above? Insofar as this freedom from relations of personal domination is a productive attribute as much as any other technical ability in a more restricted sense, it must be materially (re)produced in the same way as any other physical or mental capability of labour-power, namely, through the consumption of determinate use-values. Thus, the 'amount and quality of the means of subsistence, and therefore also the extent of needs' (Marx 1988, 42) of wage-workers must be consequently determined to include commodities that, both in their material attributes and in the manner of their practical appropriation, reproduce the form of personal freedom in which their subsumption to capital exists. In the section of the *Results* under discussion, Marx hints at this by

remarking that insofar as the wage-worker 'acts as a free agent' when buying commodities 'as he wishes', 'he is responsible for himself for the way he spends his wages. *He learns to control himself, in contrast to the slave*, who needs a master' (Marx 1976b, 1033). He also notes in that context that 'newspapers, for example, form part of the essential purchases of the urban English worker' (1033), an ideological use-value that, generally speaking, is obviously not necessary for the reproduction of the specific technical skills of workers but crucial for the material reproduction of their free consciousness. In brief, the process of individual consumption of the worker does not only entail their self-production as a bearer of certain technical skills and knowledge but also as a personally-free productive subject. The necessary means of subsistence of wage-workers must, therefore, comprise all the use-values which are required for the reproduction of their material productive attributes in their unity: both the technical and the moral ones, with the 'idea of free self-determination' as the general foundation of the diverse manifestations of latter. Note, however, that the distinction between 'technical' and 'moral' attributes is fundamentally analytical; one cannot simply associate each kind of use-value with one or the other type of productive attribute.

With all these elements in mind, we would like to suggest a possible interpretation (or resignification) of what Marx might have been getting at with the distinction between the 'physical' and the 'historical and moral' component of the value of labour-power. Succinctly put, the former broadly corresponds to the (re)production of the strictly technical dimension of labour-power as defined above. Here we are quite simply sticking to the letter of Marx's text (with the proviso that, as he further clarifies, the costs of education and training deriving from the degree of complexity of labour-power must be added to this physical component). Consequently, the point is rather uncontroversial and there are few disagreements among commentators. The key contentious issue hinges on the 'historical and moral' element which, as we have seen, without any solid textual evidence most Marxists take for granted as condensing the result of the class struggle. By contrast, our argument is that this other component of the living standard of workers condenses the *materially-determined* aggregate of use-values which are qualitatively and quantitatively necessary to (re)produce their productive attributes as a personally-free working subject who, through this freedom, affirms their objective subjection to the autonomised movement of the product of their social labour (capital).

Although it obviously does not constitute in itself a definitive piece of textual evidence, it is suggestive, in light of the previous discussion, that Marx (1976a, 275) submits that the 'historical and moral' element reflects 'the conditions in which, and consequently on the habits and expectations with which, the class of *free* workers has been formed' (emphasis added). In other words, it reflects the genesis of the wage-labourer not simply *qua* working individual but in their *historically-specific* determination as a *free* worker. As an alienated social form of organisation of the human life process, the valorisation of capital is specifically-predicated on the exploitation of the productive powers of *personally-free* labour. This is not merely an ideological-juridical veil that obscures in circulation the exploitative reality of the direct process of production (although the content of exploitation

of the capital relation does objectively appear in that self-negated form). It is a historical determination of human productive subjectivity, i.e. of the conscious organisation of the appropriation of nature through the production of use-values in the labour process. Thus, *both* the technical attributes of labour-power and its general moral attribute as a personally-free subject are *productive requirements* of the reproduction of capital. In this sense, *both* are *fully determined* by the *material* conditions of the valorisation of capital in the production process.

The real subsumption of working-class consumption to capital

So far, we have discussed the simplest content of the determinations of the value of labour-power, pertaining as they do to the *formal* subsumption of labour to capital. Although these elements sufficed to make the point about the decisive role played by the material conditions of the productive consumption of labour-power in the determination of the aggregate of use-values that constitute the bundle of necessities of wage-workers, those material forms of the labour process were an external presupposition for the valorisation of capital. As a consequence, both the range of means of subsistence and the productivity of labour, were at that level of abstraction a given condition which capital only formally subsumes under its circulatory movement. The *value* of labour-power, and hence the *magnitude of variable capital*, could be taken as given as well. However, Marx (1988, 44) clarifies that although these elements can be taken provisionally as a 'known datum', the 'means of subsistence needed by the worker to live as a worker differ from one country to another and from one level of civilization to another'. Both the range of means of subsistence and the value of labour-power vary when one considers 'different epochs of the bourgeois period in the same country' (44). The systematic-dialectical investigation must therefore include an explanation of the dynamic principle of material transformation that presides over the changes in the value of labour-power. Those transformative dynamics can have no other source than the self-movement of capital in search of surplus value. Thus, a complete investigation of the value of labour-power should include the *internalisation and transformation* of its determinations as an *immanent* moment of the valorisation and expanded reproduction of capital. In other words, it should explore the implications of the *real* subsumption of labour to capital for the determination of the value of labour-power.

In *Capital*, Marx concentrated on the in-depth examination of the impact of the real subsumption on the value of labour-power mainly through the analysis of the associated changes in the *productivity of labour*. However, the same cannot be said of the 'the extent of the so-called primary requirements of life and the manner of their satisfaction', which also 'depend to a large degree on the level of civilization of the society' and are therefore 'the product of history' (Marx 1988, 44). In effect, although some elements for this investigation are scattered throughout *Capital*, Marx did not actually deal, in any systematic fashion, with the qualitative and quantitative determinations of the *changing patterns of consumption of the working class*. However, when all those loose threads are knit together, the main thrust of a coherent research programme can be formulated: such an investigation would need

to search for the content of those determinations in the historically-changing forms of *productive subjectivity* of the differentiated organs of the collective labourer, in turn resulting from the material forms of the production of relative surplus value.

As we have seen, the process of individual consumption has no other content than the (re)production of the materiality of the productive subjectivity of wage-workers. Thus, as capital takes possession and modifies the labour process to produce relative surplus value, it transforms its requirements of qualitatively different physical and intellectual attributes that need to be set into motion to produce a mass of use-values ‘pregnant’ with surplus value. Moreover, it modifies accordingly the average normal combination of intensive and extensive magnitudes of the expenditure of labour-power in the direct process of production. In other words, with each cyclical renewal of the general technical basis of the valorisation process, capital revolutionises the productive subjectivity of the different organs of the collective labourer. *This transformation can only result from, and be reproduced by, the mutation of the ‘norm of consumption’ of the working class.*

Crucially, this transformation does not only involve the ‘technical’ component of the value of labour-power. The transformations of the capitalist labour process also entail the change in the aggregate of ‘moral’ attributes that must be set into motion under the new conditions of production and, therefore, novel ‘requirements of life’ and ‘manners of their satisfaction’. In other words, historically-changing material bases of the valorisation process demand different concrete forms in which wage-workers must affirm their personal freedom in the process of production. And these different capacities also need to be reproduced through a changed pattern of consumption. Thus, as the productive subjectivity of wage-workers becomes progressively posited as the ever-purer result of the autonomised reproduction of the total social capital, the respective historical conditions of their genesis as free workers become increasingly residual for the determination of the value of labour-power. As capital undertakes the real subsumption of the labour process, it internalises the determination of the *moral* component of the value of labour-power as well, albeit in a distinct manner for the different types of labour-power that compose the collective labourer as a whole.

Indeed, as Marx (1976a, 469) himself acknowledges when discussing the *manufacturing division of labour*, the different degrees of complexity (hence of training) of the labour-power of each organ of the collective labourer entail differences in the value of labour-power. Yet, since in the chapter on *large-scale industry* Marx focuses on direct production work, he submits that those differences of skill tend to become eroded insofar as the system of machinery (gradually) leads to the expulsion of the intervention of the human hand and of experience-based practical knowledge of workers in the labour process. Large-scale industry is based on the objectification of *tacit* knowledge, previously embodied in the manual industrial worker and largely acquired through lengthy on-the-job, learning-by-doing processes, as an attribute of the system of machinery (Huws 2014). However, the benefit of historical hindsight allows us to recognise that there are other transformations of the collective labourer deriving from the increasing automation of the production process.

In the first place, the effect of increasing automation has not just been one of deskilling. It has been mixed – also entailing a certain creation of new skills that are required by capital even from direct production workers. For instance, the so-called ‘microelectronic revolution’ has entailed not only the degradation of the experience-based or *particularistic* dimension of direct production work but also the emergence and generalisation of so-called ‘soft’ or ‘generic’ skills (see Ramioul 2006), such as familiarity with computers and flexibility or individual initiative in problem-solving or decision-making (Balconi 2002). These newly created skills tend to revolve around the *universalistic* dimension of the productive quality of labour-power, whose development is achieved in the general process of education and socialisation that precedes its actual application in the production process.

Secondly, large-scale industry has also involved another tendency for the *expansion* of the productive attributes of the part of the collective labourer responsible for the advance in the conscious control of the movement of natural forces (i.e. science) and its technological applications in the direct social organisation of immediate production process. Although not explicitly addressed by Marx in *Capital* (but see 1976b, 1039–40), it is clear that the production of relative surplus value requires from these workers ever more *complex* forms of labour. As much as those discussed in *Capital*, these are also ‘immediate effects of machine production on the worker’ (see Starosta 2016, chapter 8).

Now, this divergence in the general kinds of productive subjectivity deriving from large-scale industry must be (re)produced through the difference in their respective ‘norms of consumption’. This is *only partly* explained by the different degrees of training and education entailed by the expanded productive subjectivity of intellectual labourers. In our view, the development of the powers of scientific and/or ‘creative’ labour is undoubtedly also linked to a heightened sense of individual autonomy and independence, which defines, precisely, the historicity of the doubly-free labourer as a productive subject. Thus, the expansion of this type of intellectual labour has entailed the incorporation of certain use-values in the norm of consumption of this segment of the working class, which relate to the need to reinforce the concrete form of *personal* freedom through which their *objective* subjection to the *impersonal* power of capital subsists.

For instance, if we leave aside its overly apologetic overtone, the ‘rational kernel’ of much of the recent literature on the so-called ‘creative class’ speaks to these issues. Thus, scholars have noted the new lifestyles that have emerged in certain urban contexts populated by wage-labourers responsible for knowledge-based productive functions, which include a greater interest in ‘extreme sports’, in ‘traveling to interesting, remote, and even risky locations’ and, more generally, in ‘experience-driven’ consumption patterns (Florida 2012, 135). In our view, at stake in these forms of consumption is the reproduction of a form of productive subjectivity that sees itself as abstractly free and the affirmation of human individuality as the ‘refusal of all constraints’ to this ‘natural’ independence (whether from locality, natural forces, ‘mainstream’ society and culture, etc.).

Moreover, these changes have also been expressed in the manner of the appropriation of certain use-values. Crucially and emblematically, this can be

seen in the use-value that is at the very core of the formation of the productive attributes of more complex forms of labour-power, namely: education. In effect, the need to stimulate creativity and independent thinking has led in recent decades to a growing emphasis on new pedagogical techniques like ‘student-centred’ learning, which precisely aims at the production of those kinds of attributes (creativity, initiative, etc.) by giving the student a more active role and greater individual responsibility in the learning process. Interestingly, this contrasts starkly with the kind of educational system prevailing in countries which are not at the vanguard of the development of the powers of intellectual labour and which have originally integrated in the so-called ‘New International Division of Labour’ as sources of cheap and disciplined simpler labour-power (Charnock and Starosta 2016). Thus, Grinberg (2011, 208) notes in his study of long-term capitalist development in Korea that ‘as late as 2007 the module “disciplined life” still formed part of the compulsory curriculum during the first 10 years of formal education’.

At this juncture, a final question obviously arises. For in this account of the determinations of the value of labour-power, and contrary to the ‘received wisdom’ of Marxists, the class struggle seems to play absolutely no part. It could seem that in order to access the means of subsistence that they need for the normal reproduction of their labour-power, they can safely leave the establishment of its value to the automatic operation of the ‘iron law of wages’. Unlike the establishment of a normal working day as explicitly discussed by Marx in chapter 10 of *Capital*, here there would be no need to ‘put their heads together as a class’. In the remaining two sections, we first show why this is not the case and, subsequently, we also illustrate the implications of this general discussion for the investigation of the concrete history of capitalist development.

Content and form of the determination of the value of labour-power: on the role of the class struggle

In contrast to the view outlined above, Marxists tend to conceive of the inner connection between the conditions of reproduction of labour-power and the material forms of its consumption in the capitalist production process as solely pertaining to the physical/technical component of the workers’ consumption. Regarding this part of the workers’ standard of living, they might not deny that it is *determined* by the material conditions of the direct production process of capital. However, all the means of subsistence which do not appear as immediately linked to the physical and technical reconstitution of labour-power, are seen as having no intrinsic connection whatsoever with the materiality of the capitalist labour process. The ‘historical and moral’ element is therefore rendered as *materially undetermined* and subject to the *contingent* result of the struggle between capitalists and workers.

The approach developed here leads to another view. More specifically, the material conditions of the reproduction process of capital constitute the *content* of the determination of the value of labour-power. They do so by determining the differentiated forms of productive subjectivity that compose the collective labourer and, as a consequence, the quantity and kind of means of subsistence that workers need

to consume to reproduce those variegated qualitative attributes (both technical and moral) of labour-power. In turn, the class struggle becomes the necessary *form* that *mediates* the establishment of the material unity between the productive and consumptive requirements of the reproduction of the total social capital. Note, however, that the necessary mediating role of the class struggle in concretely *fixing* (as opposed to *determining*) the customary living standard of workers does not only apply to the historical and moral component. It pertains to the workers' consumption bundle *as a whole*, i.e. including the physical and technical elements. In other words, there is not a single use-value entering the determination of the value of labour-power, whose consumption is not *secured through* the struggle of wage-workers as a class. Conversely, the other side of the same coin is that there is not a single use-value consumed by wage-workers which is not *determined by* the material requirements of the valorisation process of the total social capital (which, it goes without saying, might clash with the immediate interest of individual capitals).

Furthermore, the relationship between the determination of the value of labour-power and its fixing by the class struggle is mediated by the wage-form. Thus, the level of wages expresses both the fluctuation of the rate of accumulation and of the magnitude of the 'reserve army' (Marx 1976a, 762–72). The acceleration (deceleration) of accumulation increases (decreases) the demand for labour-power and contracts (expands) the reserve army and thereby leads to a rise (fall) in the level of wages. However, in these oscillating movements of the wage, the value of labour-power (determined as explained above by the *normal* conditions of reproduction of the worker) does not change. Rather, through these recurrent cyclical deviations of the *price* of labour-power from its value-content (i.e. 'the norm'), the purchase of this peculiar commodity at its full value is, *on average*, achieved. On this score, the relationship between the wage and the value of labour-power is analogous to that of the price and value of 'ordinary' commodities. There are, however, two differences that set the commodity labour-power apart.

Firstly, as the above textual commentary on *Value, Price and Profit* showed, oscillations of the price of labour-power are necessarily channelled *politically* by the class struggle and do not result from the pure economic 'automatism' of 'market forces': the class struggle is strengthened (weakened) during the expansive (contractive) phase of the accumulation cycle (Marx 1992, 486–87). Secondly, under certain historical circumstances, the wage could stand consistently below the value of labour-power, i.e. beyond temporary crisis situations. This might happen in national spheres of valorisation of capital where there is a structural limit to the scale of the accumulation process and, consequently, there is a continuous growth of the relative surplus population *vis-à-vis* the needs of the expanded reproduction of capital. This explains why some countries have historically had a wage that has been remarkably lower than that prevailing in advanced capitalist countries, despite the similarity of productive attributes of the respective national working classes, as can be observed, for instance, in the automobile industry in Argentina *vis-à-vis* in the USA (Fitzsimons and Guevara 2016).

Now, this approach to the role of the class struggle in the determination of the value of labour-power is analogous to Marx's discussion of the length of the working day in *Capital*. As shown elsewhere, according to Marx's account class antagonism is not the self-determining process that contingently establishes the duration of the working day (Starosta 2016, chapter 7). By contrast, it is the *mediating social form* that forces the capitalist state to set legal limits to its extension beyond its *normal* length. However, the *content* of this normality is not undetermined, although it *appears* as such at first sight at the beginning of the presentation in the respective chapter. But as the exposition unfolds, it emerges that the normal duration of the working day is *materially-determined* by the conditions in which labour-power is consumed by capital in the process of production. A normal working day is therefore that which does not lead to the premature exhaustion of the reproduction of labour-power. The class struggle over the length of the working day thus gives shape to the payment of labour-power at its full value. It should be noted that, since at the systematic stage of chapter 10 the material forms of the labour process are an external presupposition *vis-à-vis* the self-movement of capital, Marx does not need to say much about the specific determinations that generate the necessity for the shortening of the working day beyond a general reference to overwork and premature exhaustion of labour-power caused by capital's 'voracious appetite for surplus labour'. However, as the systematic exposition progresses to the real subsumption of labour to capital, the material foundation of that alienated social necessity is brought to light: the shortening of the working day is the necessary concrete form taken by the increase of the *intensity* of labour that large-scale industry brings about (Marx 1976a, 536). In our view, it is the same with the amount and quality of means of consumption that enter into the reproduction of working class: the content is determined by the material forms of the production process, which is established (on average, through the cyclical oscillations of the wage) in the concrete form of the class struggle.

A brief illustration

In this section, we illustrate the originality and usefulness of our approach through a critical discussion of the more widespread explanations of the evolution of real wages through the so-called 'Fordist' cycle of accumulation in the US and Western Europe.

The highly-influential 'Regulationist' account revolves around the need to resolve the disequilibrium between sector I (that produces means of production) and sector II (that produces means of subsistence), in the context of an 'intensive regime of accumulation' that allegedly prevailed from the 1920s until the 1970s. In Aglietta's (2001) view, certain institutions (e.g. collective bargaining) regulated wage settlements so as to link them to productivity gains. This guaranteed that working-class consumption kept up with the rate of growth of output brought about by technical change, thereby creating the mass market needed to absorb the larger scales of mass production and so realise the surplus value.

This explanation has been strongly criticised in several ways by other scholars. In the first place, some authors have noted that the trends for the growth of productivity and wages can be traced back at least to the second half of the 19th century (Brenner and Glick 1991, 67–70, 82–83; Clarke 1988, 74–76), which calls into question the idea that wage increased during ‘Fordism’ to resolve imbalances between sectors I and II. Furthermore, the acceleration of wage increases that did occur took place during the inter-war period, i.e. *before* the establishment of the wage-regulating institutions that ‘Regulationists’ themselves situate in the 1950s. And Brenner and Glick (1991, 93) highlight that even during the post-war period (1948–1970) productivity increased at a faster pace than wages in the private industrial sector in the US. Finally, all these scholars have questioned the empirical evidence supporting claims about the existence of a ‘social accord’ that, allegedly, regulated wages.

Now, beyond their idiosyncrasies, these alternative explanations share the view that real wage increases did not respond to the needs of the accumulation of capital. Instead, they claim that they were the contingent result of a myriad of circumstances, among which the class struggle stands out (Brenner and Glick 1991, 93; Clarke 1988, 85–86; Mavroudeas 2003, 244–45). However, we think that this does not provide solid grounds to account for the undeniable long-term trend for rising real wages that has accompanied the development of large-scale industry in all advanced capitalist countries at least until the 1970s. In effect, it would be rather surprising that the ‘unplanned outcome of myriad uncoordinated private decisions by firms about prices and myriad employer-labour conflicts over the terms of employment’ (Brenner and Glick 1991, 93) yielded the same results everywhere and during such a long time-frame, without an underlying ‘structural’ tendency. In other words, the very intensification of the class struggle that was the *immediate cause* behind wage increases *also* needs to be explained.

From our perspective, the key resides in the effects of the real subsumption of labour on the productive attributes of wage-workers. This provided the material basis or content of the increased political strength of the working class in its struggle over the conditions of reproduction of their labour-power. In fact, Aglietta (2001, 158–59) himself identifies (albeit just in passing) one of the determinants of real wage increases (hence of the enlargement of the consumption basket of wage-workers): the need to compensate for the greater expenditure of labour-power derived from the increase in the intensity of labour brought about by the development of the system of machinery. However, we think that this is only part of the story.

As argued above, the evolution of large-scale industry entailed the expansion of the productive attributes of wage-workers responsible for complex intellectual and scientific labour. Moreover, the relative weight of this organ of the collective labourer in advanced capitalist countries grew consistently throughout the 20th century, expressed both in the growing importance of R&D labour and in the expansion of ‘white collar’ work involved in the organisation and planning of large-scale industrial productions (and also in the larger civil service as the activities of the capitalist state expanded). This expansion of their productive subjectivity took

shape not only through the lengthening of the years of formal education (which, incidentally, also included direct production workers) but also through the extension of the productive life time of wage-workers (so that capital could extend the years of their exploitation to compensate for the longer time involved in the production of their more complex labour-power). Hence, the very reproduction of capital demanded the widening of the 'norm of consumption' to include, among others, a whole series of use-values linked to education and health. Moreover, intellectual labour entails a greater intensity (due to heightened focus and attention) that also needs the shortening of the working day. Finally, in addition to those aspects that relate to the physical or technical (re)production of the more complex forms of labour-power, other use-values eventually entered the 'norm of consumption' in order to reproduce what we have termed the moral productive attributes of wage-workers, i.e. those that fostered the appearance of abstractly-free individuality through which their subsumption to capital is realised. It is no wonder that this is the period of the proliferation of the so-called 'culture industries', which not only played an ideological role as most critical accounts of its emergence tend to posit but were also necessary for the reproduction of the productive attributes of doubly-free labour, both their moral component and even their technical aspect. Indeed, the consumption of certain 'cultural' use-values can be materially necessary for the reproduction of the capacity for abstract thinking involved in intellectual labour (e.g. 'art-house' films or 'experimental' music).

In sum, all these determinations meant that real wages tended to rise, thereby *partly* offsetting the productivity increases in search of relative surplus value. These dynamics had their material foundation in the changes in the capitalist labour process and the associated transformations of the productive subjectivity of wage-labourers. These could only be (re)produced through novel forms and expanded levels of consumption, which, in turn, could only be achieved in the concrete form of the struggle of wage-labourers as a class.

Conclusion

This chapter has critically examined what we see as the 'received wisdom' on the determination of the value of labour-power. Even if with variations on the same theme, this virtually universal consensus among Marxists considers that the class struggle *determines* to some extent the value of labour-power. This determination is seen as taking place through the part played by the class struggle in the actual definition of the content of the 'historical and moral' element of wage-workers' consumption. As we have seen, this perspective is ridden both with exegetical problems as a reading of Marx and, more importantly, with theoretical weaknesses concerning its capacity to offer a sound materialistic explanation of the determination of the value of labour-power.

In contrast to this received wisdom, we offered an alternative reading of Marx's explanation of the determinants of the value of labour-power which, we think, manages to overcome the pitfalls of the former. This rethinking of the value of labour-power rests on two key insights that we developed above. A first more

substantive issue concerns the actual meaning and significance of the so-called ‘historical and moral’ component of the value of labour-power. In our view, this element does not condense, as is usually assumed among Marxists, the balance of class forces. Instead, it must be rethought as involving the historically-changing concrete forms taken by the personally-free *productive* subjectivity of the wage-worker, i.e. as comprising what we termed the ‘moral productive attributes’ of wage-workers. The latter are a material aspect of labour-power exploited by capital as any other technical ability in a restricted sense and, for this reason, are fully determined by the material configuration of the capitalist labour process as well.

The second key point that we made had a more general methodological significance. In a nutshell, it pertained to the unity and difference between the *content* of a certain determination and its concrete *form of realisation*. Specifically in connection to the determination of the value of labour-power, we argued for the need to clearly distinguish between the content of that process of determination, which derives from the material requirements of capital’s production of relative surplus value, and its necessary mode of realisation *through* the class struggle, which concretely secures that, *on average*, labour-power trades at its full value (including *both* the ‘physical’ and ‘moral’ components).

Admittedly, our discussion has offered a first approximation to the relationship between working-class consumption, the (re)production of their productive attributes and the determination of the value of labour-power. More strictly put, the chapter just developed the simpler or more general aspects of the subject matter. However, we think that these ideas can provide a firmer starting point and methodological blueprint for the much-needed research into the forms in which capital historically transforms the productive subjectivity of wage-workers.

Note

- 1 The references to this perspective are numerous since it constitutes the general consensus among Marxists. See, among others, Mavroudeas (2001, 58–59), Lapidès (1998, 177), Lebowitz (2003, 74), Bellofiore (2004, 194–97) and Heinrich (2012, 94).

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6 Extra surplus value from innovation and the Marxian critique of political economy

Introduction

In his exposition of the production of relative surplus value, Marx points out that before the generalisation of a certain technical innovation, innovating capitals appropriate an ‘extra surplus value’. In quantitative terms, this surplus value is determined by the divergence between the ‘individual value’ of commodities produced by early innovators and the price at which all commodities from the respective branch of production are sold, which in turn must stand below the ‘old social value’ (Marx 1976, 433–36). In effect, individual commodities produced with the more advanced method of production resulting from technological change contain less labour than those which were produced with the old technique. In light of Marx’s argument that (privately-performed) socially necessary abstract labour constitutes the substance of value (Marx 1976, 125ff.; Starosta 2008), the question arises as to which labour constitutes the substance of the extra surplus value appropriated by early innovating capitals.

The traditional answer to this question tended to state, albeit implicitly and rather unreflectively, that the appropriation of this extra surplus value by early innovators implied, as happens with every kind of surplus profit, a redistribution of surplus value extracted from wage-workers by other capitals. However, this claim does not quite identify the specific source of the extra surplus value. In other words, it falls short of specifying the individual capitals from which the original surplus value which ends up in the pockets of early innovators comes from. Furthermore, the traditional approach does not clarify the mediating concrete forms through which the said surplus value flows between capitals. More importantly, it does not explicitly respond to the alternative view that can be found in the specialised literature, which claims that the extra surplus value is the social representation of the labour extracted from the wage-workers exploited by innovating capitals themselves. Paraphrasing Marx’s (1976, 90) words in the preface to the first edition of *Capital*, the search for the specific source of extra surplus value ‘seems to turn upon minutiae’. Yet, as we hope to make evident in this chapter, this issue has implicitly underpinned several important Marxist debates in diverse intellectual and historical contexts.

Against this background, the first aim of this chapter is to bring to the fore this debate over the source of extra surplus value from technical innovations, which so far has remained subsidiary to other controversies, as a theoretical problematic in its own right. We shall therefore delineate the different polemics and perspectives which have addressed this issue and sketch out the main arguments put forward in each of them. In the second place, insofar as a great deal of the literature has revolved around the discussion of the pages from Volume I of *Capital* which address this question, a further aim of this chapter is to examine those passages in the light of the broader textual evidence than can be gathered from the rest of Marx's economic works. Finally, we shall offer a brief critical assessment of the debate with a view to throwing into relief the more general theoretical issues in Marxian value theory which, we think, underpin the more concrete determinations of extra surplus value from technical innovations.

The debate over extra surplus value as subsidiary to other Marxist controversies

Historically, the debate over the source of extra surplus value can be traced back to the Japanese controversy over the theory of ground-rent, which emerged before the Second World War. As Itoh (1988, 240) reports, the idea that the extra surplus value represents the objectified labour extracted by the innovating capital was the basis of the theoretical position of Kōza-ha scholars, as argued, for instance, in the writings of Yamada (1948, cited by Itoh, 1988). These were the grounds on which they attempted to defend the Soviet orthodox view that differential ground-rent was the product of agrarian workers and did not constitute surplus value transferred from the industrial sector. By contrast, Rōnō-ha scholars and, later, those of the Uno school, maintained that the extra surplus value was a cost paid by society as a whole, so that ground-rent should be grasped as a deduction from the total social surplus value which was captured by landowners. This alternative perspective can be traced back to Sakisaka (1930) and Susuki (1952), both cited by Itoh (1988), and is also Uno's (1977, 94n10) own position. Subsequently, it was further developed by Uno's most prominent disciples, like Itoh (1980, 92; 1988, 144–45, 226–43) and Sekine (1997a, 144–46; 1997b, 42–51; 2020, 250, 436).

The question resurfaced in the 1970s in the German controversy over the status of the 'law of value and the world market'. In this different context, the view that states that extra surplus value originates in the labour performed by workers exploited by the innovating capital served to support the argument that the operation of the 'law of value' experienced modifications when conceptualised at the level of the world market: the higher productivity of labour in a certain country involves the production of more value per unit of time *vis-à-vis* those countries which operate with a lower productivity of labour. The most salient contributions in this regard were those by Busch et al. (1971, 21–24), Neusüss (1972, 115–19) and Schoeller (1973, 104–7). In turn, Mandel's (1976, 92–107, 350–51) intervention in this controversy played the part of transmission belt which ramified

this discussion into that which revolves around the so-called ‘unequal exchange’ between ‘developed’ or ‘central’ countries and ‘underdeveloped’ or ‘peripheral’ ones. More specifically, the question at stake in this other polemic was whether this hierarchical polarisation of the global economy can be explained on the basis of international transfers of value that underpin the exchange of commodities on the capitalist world market. Among the numerous scholars from all over the world that have contributed to this issue, the following can be mentioned for having explicitly brought up the question of extra surplus value: Marini (1979a; 1979b; 2022, 121ff.), Shaikh (1980), Siegel (1984), Astarita (2006, 273–305; 2010, 58–60), Borges Neto (2011), Nieto Fernández (2015, 209–21), Félix (2021). On the other hand, some contributions explicitly incorporated arguments that had been advanced in the aforementioned German ‘world market debate’. This is the case of Carchedi (1991a), Milios and Sotiropoulos (2009, 243–54) and Sandleben (2016).

Some authors also resorted to the argument that the source of the extra surplus value resides in the labour of workers exploited by the innovating capital in the context of the so-called ‘transformation problem’. In a nutshell, these works claim that in the same way as the appropriation of an extra surplus value by the early innovator does not involve any transfer of surplus value from other individual capitals, the appropriation of the normal or average rate of profit does not entail any redistribution of surplus value across different branches of production. Consequently, this line of reasoning continues, the ‘transformation problem’ is free from the alleged inconsistencies in the quantitative relations between total surplus value and aggregate profits. The main contributions that have argued along these lines are: Martínez Marzoa (1983, 66–77), Nieto Fernández (2015, 151–72), Reuten (2017; 2018; 2019), and, in a very similar approach, Robles Báez (2001; 2011, 137–52). In turn, these idiosyncratic takes on the ‘transformation problem’ have elicited dedicated responses and comments. Thus, Fernández Liria and Alegre Zahonero (2010, 547–96) have engaged with Martínez Marzoa’s work, whilst Arthur (2018) has provided a sympathetic criticism of Reuten’s contribution.

The determinations of extra surplus value have also been implicit in Latin American Marxist polemics over the source of surplus value that constitutes ground-rent. This literature can be traced back to the 1970s (Bartra 1979; Laclau 1969, among others). Albeit inadvertently, the different substantive positions in this controversy replicate the two opposing camps that had consolidated in the analogous Japanese debate mentioned earlier on. However, in this novel regional and intellectual context, the substantive issue of the general nature of (differential) ground-rent was taken to bear on the international economic relations between ‘centre’ and ‘periphery’. More specifically, according to one of the main positions in this debate, the ground-rent incorporated in commodities exported from Latin American economies had its source in the surplus value produced by workers from importing (i.e. ‘central’) countries. As some interventions in this debate explicitly noted, this discussion evidently dovetails with that on the role of extra surplus value in unequal exchange. This Latin American discussion cropped up again in more recent times, but now with more explicit attention to the question of extra

surplus value: Arceo (2003, 83ff.), Astarita (2010, 197–200, 221–23), Foladori (2013), and Iñigo Carrera (2017, 85–104, 194–207).

As reported in Jeon (2011; 2015), the source of extra surplus value has also played an important role in the recent Korean debate on the substance of value of so-called ‘cognitive commodities’. In this intellectual context, one of the central themes under discussion has been the compatibility between the ‘law of value’ and ‘knowledge-intensive’ commodities, for which the costs of reproduction are virtually insignificant, whilst there is no price differential between the first unit produced and the rest of the output (software being the paradigmatic case in point). Against this backdrop, the argument that extra surplus value from innovation originates from the labour set into motion by innovating capitals precisely served as an attempt to establish the consistency between this feature of contemporary ‘Cognitive Capitalism’ and the ‘law of value’. According to some of this literature, individual capitals specialised in the production of ‘cognitive commodities’ should be considered as early innovators as far as the source of their surplus profits is concerned (Fine, Jeon, and Gimm 2010; Jeon 2010; 2015).

Although probably in a more tangential manner, the main theme of this chapter has been somehow present in at least two additional important Marxist debates: that on ‘complex or skilled labour’ and that on ‘socially necessary labour’. In the former case, the alleged connection between a higher productivity of labour and multiplied *value-creating* powers of labour has been used to explain the comparatively higher value of the products of complex or skilled labour *vis-à-vis* those of simple labour. This train of thought thus constitutes one of the contemporary ‘solutions’ to the skilled labour ‘reduction problem’ (see Chapter 4). In the case of the debate on ‘socially necessary labour’, the question of value transfers derived from productivity differentials among individual capitals has been one of the fundamental controversial issues at stake. In this context, the increasingly hegemonic perspective considers that the source of extra surplus value (or surplus profits) pocketed by the early innovator is the labour of wage-workers exploited by *other* individual capitals (Carchedi 1991b, 56–68; Horverak 1988; Indart 1987; Itoh 1980, 80–92; 1988, 226–35; Itoh and Yokokawa 2015; Kristjanson-Gural 2003; Lee 1998; Sekine 1982; Shaikh 1990, among others).

Lastly, mention should be made of a few works that have focused on the source of extra surplus value as a theoretical problem in its own right. This is the case, for instance, of Echeverría (1986, 128–36), Tomba (2013, 138–44) and Veraza (2017, 259ff.). Still, they have not explicitly framed their treatment of this question against the background of the wider intellectual controversy which, as we have attempted to show, has surrounded this problematic. It has been only in Brazil, in the past 20 years, where the problem of extra surplus value has been addressed more systematically and deliberately carried out in the form of an academic intellectual dispute (Borges Neto 2001; Carcanholo 2013, 103–17; Cipolla 2003; 2002, 207ff.; Lagoeiro de Magalhães 2004). The debate, however, involved only a limited number of scholars and remained within the local milieu, without virtually any impact on the international discussion.

The main arguments in the debate***The 'potentiated labour' thesis***

There are two principal arguments that cut across practically all interventions in favour of this view. The first one is of an eminently philological nature and revolves around an idiosyncratic reading of the following passage from the chapter of Volume I of *Capital* in which Marx explicitly addresses the question of extra surplus value from innovation: 'The exceptionally productive labour acts as potentiated labour; it creates in equal periods of time greater value than average social labour of the same kind' (Marx 1976, 435, translation amended).¹ According to this reading, in this passage, Marx would be stating that the labour that the early innovator sets into motion must be considered as 'potentiated labour', whose very definition entails that it creates more value per unit of time than average social labour; in the same vein as complex or skilled labour produces more value than simple labour in the same period of time (Marx 1976, 135). This interpretation implies that the labour set into motion by innovating capitals produces more value than that which is employed by those which have not yet incorporated the new method of production. Thus, the substance or source of the extra surplus value pocketed by the early innovator must be this 'potentiated labour'. No value transfers are needed to account for the existence of extra surplus value.

The second fundamental argument builds on the first one but is more substantive. It states that only in this way can the extra surplus value be grasped as an expression of a reified social relation. The reason for this is that this view considers, in a clearly 'circulationist' take on value as a historically-specific social form, that the latter only comes effectively into being through the exchange of commodities. Put differently, according to this perspective, abstract labour, which constitutes the substance of value, acquires real, practical objective existence only in the circulation process, which is where an effective social relation between persons is established. Conversely, the contrasting view, which claims that the extra surplus value originates in the labour exploited by non-innovating capitals, is said to lapse into a 'technological' conception of value that overlooks the specific social form of value-producing labour. Value would be thus conceptualised as the simple objectification of the *concrete* labour-time materially expended in production (since, as we have seen, according to the circulationist leanings of the 'potentiated labour' thesis, abstract labour can only come into being through exchange). In a nutshell, the explanation of extra surplus value based on value transfers among individual capitals is seen as necessarily involving a 'Ricardian retrogression' which naturalises capitalist social relations.

Building on these two conceptual pillars, different contributions to the 'potentiated labour' thesis offer further particular arguments to support this view. The first group of theorists focuses on the general determination of the value of commodities. They argue that what counts as socially necessary labour is just that amount of social labour expended in a determinate branch of production which society is willing to recognise through exchange. This means that the magnitude of value does

not correspond to the privately-performed material expenditure of social labour in production, but only to that part which is socially validated in the circulation process (Busch et al. 1971, 20ff.; Veraza 2017, 265ff.). In a similar vein, other scholars submit that abstract labour can only be measured in circulation, so that the magnitude of value must be determined in that sphere. More concretely, these authors consider that the circulation process is the phase which effectuates the 'normalisation of individual labours' which, in turn, reduces their material differences by imposing their social unity as abstract labour (Borges Neto 2001; 2002, 124–32, 207ff.). This train of thought is pushed further forward through the notion that abstract labour's effective constitution only takes place as an 'inter-branch social average'. Thus, the argument goes, the reduction of the diversity of concrete labours to abstract labour within a branch of production already involves the formation of the general rate of profit and, therefore, the development of the respective prices in the form of prices of production. It follows that it is meaningless to even pose the question of value transfers, whether within or between branches of the social division of labour. *A fortiori*, it makes no sense to explain the source of extra surplus value in terms of the early innovator's appropriation of surplus value originally produced elsewhere (Martínez Marzoa 1983, 66ff.; Nieto Fernández 2015, 166ff.). A similar argument can be found in other contributions which conceive of the constitution of prices of production as the systematic 'moment' which establishes the actual quantitative determination of commodities' values (Reuten 2017; 2018; 2019; Robles Báez 2001; 2011, 137–52).

Another group of contributions approach the issue from a methodological angle rather than in substantive terms. These arguments tend to revolve around the problematisation of the systematic place of Marx's account of extra surplus value in the expository structure of the three volumes of *Capital*. Thus, it is claimed that insofar as Marx discusses extra surplus value from innovation in Volume I and, furthermore, that the latter deals with the direct production process of capital, the former cannot derive from the inter-branch transfer of surplus value through exchange but must necessarily originate in the production process. As a matter of fact, the treatment of value transfers belongs, in systematic terms, in Volume III, which precisely deals with the concrete forms in which the overall unity of the social production process is established. More specifically, it is only in the third volume that Marx introduces the categories of 'profit' and 'surplus profits' to refer to the phenomenal forms respectively assumed by 'surplus value' and 'extra surplus value'. Moreover, insofar as those phenomenal concrete forms involve quantitative differences from their content, these contributions conclude that only at that stage can the very possibility of value transfers be raised (as happens, for instance, with the formation of the general rate of profit). The implication that some of these authors draw is that had Marx considered that the determinations of extra surplus value involve value transfers, he would have bracketed the question until Volume III. The fact that he did not is seen as a further testament to the incorrectness of the 'value transfer' thesis (Veraza 2017, 250–63).

Another methodological argument advanced aims at establishing the consistency between the 'potentiated labour' thesis and the Marxian opening lines on

the quantitative determination of the magnitude of value in chapter 1 of Volume I of *Capital*, according to which ‘the greater the productivity of labour, the less the labour-time required to produce and article [...] and the less its value’ (Marx 1976, 131). On the face of it, this passage seems to stand in blatant contradiction with the ‘potentiated labour’ thesis’ reading of chapter 12 of Volume I, which claims that more productive labour creates more value in the production process in equal periods of time. However, it is argued in this literature that the two passages correspond to different levels of abstraction. The former statement, according to which a greater productivity of labour is expressed in a lower value of individual commodities, corresponds to the analysis of a single individual capital, in which, by definition, individual and social value coincide. By contrast, the latter claim corresponds to the analysis of the movement of competition between multiple individual capitals, in which the determination of value changes. In turn, it is argued that it is essential to distinguish between diachronic and synchronic analysis, whereby the former deals with the generation of *more* value and the latter with *less* (Nieto Fernández 2015, 160–66).

The ‘value transfer’ thesis

Most critical responses to the ‘potentiated labour’ thesis resort to two related fundamental arguments. In the first place, they emphasise that, by definition, an increase in the productivity of labour does not generate more value but more *use-values*, each of which is the material bearer of a lower quantity of value. In other words, this first objection claims that the ‘potentiated labour’ thesis is quite simply inconsistent with the Marxian explanation of the determination of value. In the second place, scholars from this other camp point out that the ‘potentiated labour’ thesis tears apart the quantitative identity between the socially necessary labour performed in production by wage-workers as a whole and the total value realised in circulation (some authors specify this further and focus their attention on the quantitative identity between total surplus labour and total surplus value). The reason for this is that according to the logic of the ‘potentiated labour’ thesis, the existence of an extra surplus value necessarily entails the increase in the total mass of value realised in circulation, whilst the total amount of socially necessary labour expended in production across society remains constant. By contrast, these critics highlight that the Marxian explanation of the value-determinations presupposes the aggregate equality between the total amount of privately-performed socially necessary abstract labour and the mass of value available across society. Thus, the appropriation of an extra surplus value by some capitals can only have its substance in the exploitation of labour undertaken by other individual capitals.

Analogously to the other camp in the debate, this other literature develops further particular arguments on these two general grounds. A first set of discussions point to the identification of the determinate capitals that cede the surplus value that constitutes the source of the extra surplus value appropriated by early innovators. In a first analytical step, this literature usually considers that the expansion of the number of commodities that reach the market following the increase in

the productivity of labour, faces a given solvent demand in monetary terms. In this scenario, the resulting fall in the unitary selling price of each commodity necessarily means that the aggregate loss of surplus value by non-innovating capitals matches the amount of extra surplus value appropriated by early innovators. In other words, since the total mass of value appropriated in the respective branch of production remained unaltered whilst total output increased, losses and gains of surplus value must offset each other. Thus, under these circumstances, the source or substance of the extra surplus value resides in the loss of surplus value of non-innovating capitals from the same branch (Carcanholo 2013, 111–13; Carchedi 1991b, 65–68; Echeverría 1986, 133–34; Iñigo Carrera 2017, 93–94; Sekine 1997a, 144–46).

In a second analytical step, these contributions consider the case in which the extent of the fall in the unitary selling price of the respective commodities leads to an *expansion* of the aggregate monetary effective demand for them. In this alternative scenario, the source of extra surplus value is not limited to the losses of non-innovating capitals from the same branch of production but extends to those suffered by capitals operating in other branches of the social division of labour. This cross-branch flow of surplus value is mediated by the purchase of the aggregate output of the branch in which the technical innovation took place, at a sum of prices which stands above the mass of value corresponding to the total labour-time expended in that branch of production (conversely, commodities produced by those capitals from other branches experience a corresponding drop in aggregate solvent monetary demand, which leads to a fall of the unitary selling price below the social value). Some works in this literature, which incorporate Marxian insights from chapter 10 of Volume III in the treatment of the problematic of extra surplus value, and consider the moving trajectory of the *social or market value* between the initial introduction and the eventual generalisation of the new method of production, stress that, in this second scenario, the expansion of effective monetary demand leads to a temporary divergence between the social value and the selling *market price*.² Furthermore, and unlike the first case, insofar as part of the extra surplus value appropriated by early innovators does not have its substance in the social labour expended in *production* within the respective branch, but flows into their pockets from other branches and purely through the *circulation* process, some authors conclude that this latter portion of monetary social wealth constitutes *surplus profits* rather than extra surplus value ‘proper’ (i.e. a category of circulation rather than production). Works within this broad literature which develop numerical examples include: Carcanholo (2013, 112ff.), Cipolla (2003, 99ff.) and Iñigo Carrera (2017, 94ff.). The general theoretical discussion is systematically presented in Itoh and Yokokawa (2015) and Itoh (1988, 226–35).

In addition to these substantive arguments, these contributions also approach the question with methodological lenses. They thus thematise the problematic of extra surplus value in terms of its systematic place in the presentational architecture of the three volumes of *Capital*. The main argument in this regard is to emphasise that the first volume deals with ‘capital in general’, whilst Volume III approaches the ‘configurations of capital’ springing from ‘the action of different capitals on one another, i.e. in competition’ (Marx 1991a, 117). Methodologically speaking, this

means that the treatment of extra surplus value does not properly correspond to the level of abstraction of Volume I but to Volume III. More specifically, this issue belongs in the chapter dealing with the competition process that equalises the rate of profit through the establishment of market prices regulated by prices of production. Seen in this light, these authors conclude, it becomes evident that at stake here is the ‘redistribution of surplus value’ in the fetishised and inverted concrete forms springing from circulation through the competition process (Carcanholo 2013, 110–17; Cipolla 2003, 89ff.; Iñigo Carrera 2017, 196ff.; Mandel 1976, 94–102). As for Marx’s own methodological decision to ‘bring forward’ the discussion of extra surplus value to chapter 12 of Volume I, it is argued that it would have been a ‘pedagogically-minded’ presentational strategy to facilitate a ‘better understanding of relative surplus value’ (Carcanholo 2013, 110). Along the same lines, other scholars maintain that the ‘potentiated labour’ thesis is inconsistent with Marx’s explanation in chapter 10 of Volume III, according to which the social or market value is formed on the basis of individual values (Cipolla 2003, 99). Lastly, many contributions object to the ‘potentiated labour’ thesis that it postulates an *immediate identity* between *extra* surplus value and *relative* surplus value, whose essentially *spurious* character is evidenced once we consider that, as soon as the new method of production becomes generalised in the respective branch of production, the former disappears whilst the latter comes effectively into being (Itoh 1988, 145; Sekine 1997a, 146; Uno 1977, 94n10). In a nutshell, all these methodologically-minded arguments point to the conceptual confusion between different levels of abstraction that they find in the ‘potentiated labour’ thesis.

Marx on the source of extra surplus value

Our discussion in the previous section makes evident that the controversy has revolved to a large extent around Marx’s own views on the determinations of extra surplus value, whether simply on the basis of textual evidence or on the overall consistency between Marx’s writings on this specific issue and the rest of his works. Consequently, the further reconstruction of the main aspects of the Marxist debate on extra surplus value requires that we now turn to systematise and examine more closely the different texts in which Marx approached this question. At this juncture, it is important to emphasise that it is far from our aim to offer a ‘definitive interpretation’ of Marx’s thought on the subject, as many readings somehow naively have intended to do. In this sense, it goes without saying that, from a philological perspective, a text or set of them can admit more than one plausible reading. More importantly, even if it were possible to come up with just one coherent reading, this would not suffice to settle the controversy. At most, we would have a more (or less) firmly grounded appeal to authority. Instead, as intended in our exploration of the different arguments in the Marxist debate, the point here is to offer some philological elements which can contribute to a critical reconstruction of the determinations of the source of extra surplus value.

At first sight, the passage from chapter 12 of Volume I of *Capital* that we cited earlier might seem an irrefutable piece of textual evidence in favour of the

‘potentiated labour’ thesis that would make all controversy otiose. Indeed, this is the way in which authors from this camp tend to address that text which, it must be duly acknowledged, has been revised and edited by Marx himself and constitutes his latest written passage on this problematic. Moreover, also in that chapter, Marx (1976, 435) adds that even in the case of extra surplus value ‘the increased production of surplus value arises from the curtailment of necessary labour time, and the corresponding prolongation of the surplus labour’. In other words, he seems to consider the production of *extra* surplus value analogously to its *normal* form. Additionally, a similar formulation can be found in chapter 15 of Volume I on ‘Machinery and Large-Scale Industry’ (530).

On the other hand, it is worth noting that Marx’s numerical example in chapter 12 of Volume I does *not* include any reference to the situation of non-innovating capitals (i.e. whether they suffer any loss of surplus value). Lastly, also in support of the ‘potentiated labour’ reading, there are various passages in Marx’s preparatory manuscripts which, at least taken at face value, do not seem blatantly to clash with the passage from chapter 12 of Volume I that triggered the whole polemic (Marx 1988, 238–41, 319–20, 327–30, 336–37; 1989a, 430; 1989b, 254–440; 1991b, 126–30, 147–49).

Yet, as some of the contributions to the competing thesis have indicated, Marx’s formulation in the said passage is very far from unequivocal (Carcanholo 2013, 110–11; Iñigo Carrera 2017, 197–98). First and foremost, in this text, Marx does not say that the exceptionally productive labour *is* or *turns out to be* ‘potentiated labour’, but that it *acts as* such (*‘wirkt als’* in the German original). This kind of phrasing can most certainly be read in terms of the establishment of an *analogy* with potentiated labour, rather than simply *identifying* more productive labour with it. Additionally, that text does not claim that the latter generates ‘more value’, which is the unequivocal formulation which Marx consistently uses when referring to a genuine case of an increase in the magnitude of value of an individual commodity. Instead, it somehow enigmatically says that it creates ‘greater values’ (*höhere Werthe* in the German original). Here it is worth noticing that these German terms are not used very frequently in Marx’s economic works. More remarkably, he tends to use the term ‘values’ (*Werthe*) not as a synonym with ‘sums of value’ but of ‘commodities’, i.e. unities of use-value and value (Marx 1976, 166–67, 172). Thus, the phrase under polemic could as well be read as meaning that the exceptionally productive labour generates more ‘commodities’, which is a fact beyond dispute.

Now, in light of these ambiguities in Marx’s ‘canonical’ passage on extra surplus value, we think that it is imperative to examine the other textual evidence from his writings on the subject, a task which is usually sidestepped by supporters of the ‘potentiated labour’ thesis. In this sense, the following points must be borne in mind.

In the first place, there are various instances in which Marx refers to the same case of differences in the degree of productivity of labour but in the context of the world market. And as long as in this global context there are barriers to the international mobility of capital (a fact which is not an absolute unchanging circumstance but an expression of an insufficient development of the capitalist mode of production),

commodities produced with an exceptionally productive labour will exchange on the world market 'as if' they were the materialisation of a greater quantity of social labour. Here it is interesting to note that Marx's use of similar expressions to 'acts as' systematically recurs in several of these passages. Moreover, he does not refer to 'potentiated labour' but, alternatively, to 'stand above', 'more complex', 'higher specific weight' or 'more intensive'. This calls into question the all too easy assumption that Marx meant the term 'potentiated labour' in its precise theoretical sense, i.e. as labour with multiplied 'value-producing' powers. Instead, it seems to suggest the opposite reading, namely, that when referring to more productive labour as 'potentiated labour', he was more likely reasoning through *analogy* (Marx 1976, 702; 1988, 338; 1989b, 294; 1991a, 344–45).³

In the second place, it is important to bear in mind that Marx's various references to the question of extra surplus value scattered over Marx's economic works are usually brief in-passing reflections, mostly external digressions which do not correspond to the dialectical-systematic moment of the immediate object under consideration at those stages. In this sense, one of the richest and most illustrative texts in this regard is the methodological remark that prefaces the 'canonical' polemic passage on extra surplus value in chapter 12 of Volume I:

it is not our intention here to consider the way in which the immanent laws of capitalist production manifest themselves in the external movement of the individual capitals, assert themselves as the coercive laws of competition, [...] Nevertheless, for the understanding of the production of relative surplus-value, and merely on the basis of the results already achieved, we may add the following remarks.

(Marx 1976, 433)

In a nutshell, as some of the contributions to the debate have rightly emphasised, this quote suggests that, *strictu sensu*, the problematic of extra surplus value does not belong in Volume I but in a later systematic-dialectical stage; more precisely, when unfolding the more concrete determinations of competition in Volume III. Additionally, it implies that whatever Marx said about the subject matter in chapter 12 of Volume I, he could not incorporate all the determinations at play in the said phenomenon. In other words, as perceptively indicated by Carcanholo (2013, 109–10), Marx's remarks were able to throw into relief *only* those aspects of extra surplus value which could be addressed 'merely on the basis of the results already achieved', i.e. *at that particular stage of the dialectical exposition*. This calls into question the aforementioned argument by the 'potentiated labour' thesis proponents, which claims that the source of extra surplus value must be the labour exploited by the innovating capital because Marx placed the exposition of the subject in Volume I, which deals with the process of *production* of capital. More broadly, it puts Marx's own treatment of the subject in chapter 12 into perspective. As explicitly acknowledged by Marx himself in the passage just quoted, its aim and scope are self-consciously limited, so the profundity and precision of his analysis should not be overstated.

It follows from this that a fuller picture of the Marx's view of the determinations of extra surplus value, must necessarily incorporate additional elements from the text in which he effectively addressed the competition process among multiple individual capitals as the focus of his exposition, which is in chapter 10 of Volume III. In this more concrete context, the first remarkable point to mention is that there seems to be no doubt that, in these pages, Marx considers that the 'surplus profits' appropriated by those capitals which set into motion a higher productivity of labour originates in the surplus value that escapes the pockets of *other* individual capitals with a lower labour productivity, i.e. it involves a 'value transfer'. As a matter of fact, we have seen that this is the prevailing view in the debate over 'socially necessary labour' which largely revolves around the discussion of these pages of Volume III. What is more, even proponents of the 'potentiated labour' thesis concede that the term 'surplus profits' entails transfers of value. The following passage, found both in Marx's original *1864–1865 Manuscripts* and in Engels's edition of the third volume of *Capital*, is probably one of the most eloquent in this regard:

the commodities whose *individual* value stands below the *market price* will realise a *surplus-profit*, i.e., more value, while those whose *individual value* stands above the market price will be unable to realise a part of the surplus-value which they contain.

(Marx 1991a, 279, emphasis added; see similar passages in Marx 2015, 279–80, 284–85)⁴

It seems clear from this quote that the other side of the realisation of a surplus profit on the part of certain commodities lies in the incapacity of others to realise a portion of the surplus value '*contained*' in them. This has already been noted in the 'value transfer' literature in Mandel (1976, 101), whilst Itoh and Yokokawa (2015) and Itoh (1988, 230ff.) provide additional analogous textual evidence from the same chapter. More substantively, it gives firmer support to the 'value transfer' thesis, at least in the narrower version which is limited to intra-branch flows of surplus value. On the other hand, it strongly challenges the 'circulationist' strand of argument in the 'potentiated labour' thesis reviewed in a previous section, which states that the qualitative and quantitative determination of (surplus) value effectively takes place in the exchange process.

In sum, the first conclusion that can be drawn from this discussion is that the term 'extra surplus value' that Marx introduced in Volume I of *Capital*, was the way that he came up with to refer to 'surplus profits' in a systematic-dialectical level of abstraction in which he could not yet deploy the latter terminology, which pertained to more concrete phenomenal forms of the movement of the overall process of production of capital. Likewise, it seems reasonable to conclude that both the analogy with potentiated labour and the limited scope of the numerical example in chapter 12 of Volume I that Marx developed to illustrate the explanation of extra surplus value, followed the same methodological tenet that prevented the unfolding of the movements of surplus value that spring from the more concrete forms taken by the competition among individual capitals.

On a final note, this reading offers novel elements to make sense of the contrast that Marx (1989b, 88, 470; 1991a, 300–1, 429–30, 780ff.) recurrently makes between surplus profits from an exceptional productivity of labour and the phenomenon of differential ground-rent. Specifically, the only difference which he notes is that the latter is mediated by the ‘monopolisation’ of the natural condition that allows such higher productivity of labour. But this mediation plays no role other than the ‘formal transmutation’ of surplus profits into ground-rent, which in turn ‘transfers’ the surplus value at stake from the capitalist to the landowner (Marx 1991a, 783–84, 870, 889). Now, if according to Marx there is no difference of *content* between extra surplus value and differential ground-rent, his discussion of the substance that constitutes the latter can shed light on the former. In this regard, it might be worth bringing up Marx’s oft-quoted passage in which he characterises differential ground-rent as a ‘false social value’ (799); which, as discussed in Chapter 9, means that the surplus value which constitutes this form of social wealth must be the product of labour of workers exploited in other spheres of social production. As some scholars in this controversy over the source of extra surplus value have already pointed out (Itoh 1988, 241ff.; Sekine 2020, 551, 659–60), this text can most certainly be read as evidence in favour of the ‘value transfer’ thesis.

Substance, source and form of extra surplus value

As we have seen, one can plausibly read Marx’s presentation of the generation of an extra surplus value in Volume I of *Capital* as a kind of ‘external reflection’ which, *strictu sensu*, does not belong in the precise level of abstraction in which he locates the discussion. On these grounds, this section aims at providing a brief positive exposition of the unity of the determinations which underpin the substance, source and form of extra surplus value. In doing so, we shall also try to throw into relief the main contentious points with regard to the different arguments put forward in the debate reviewed in the previous sections. In order to elaborate our own argument, we shall rely on textual evidence from Marx, so that this section’s contribution also aims at providing a consistent methodologically-minded reconstruction of the systematic unity of the determinations of extra surplus value unfolded over the three volumes of *Capital*.⁵

As argued at greater length in Chapters 1 and 2, the specificity of commodity production derives from the fact that the immanent social character of individual labours is not carried as a *conscious determination* by private producers. This means that the establishment of the general unity of social labour is realised in an indirect form, through the mediation of the exchange of the products of labours as commodities, i.e. as unities of use-value and *value*. Importantly, we have emphasised that insofar as it is an objectified expression of the immanent social character of individual private labours, this dual determination of the products of labour is constituted in production and is only manifested in the sphere of circulation.

By contrast, a great deal of the Marxist literature, especially in the case of proponents of the ‘potentiated labour’ thesis, tends to adopt a different view. Specifically, several authors argue that what counts as ‘socially necessary labour time’ is also

(or even exclusively, according to some scholars) determined by that which society is willing to validate in exchange in the form of effective purchasing power or monetary demand for the total output of a determinate branch of production. The determination of the magnitude of value would still derive from socially necessary labour-time, albeit not that objectified in the production of commodities, but that which society allocates in the form of effective demand (see, in particular, Busch et al., 1971 in the context of the German world market debate). As already argued in the appendix to Chapter 2, this essentially *circulationist* perspective conflates the qualitative and quantitative *content* of value, which is determined by the amount of privately-undertaken socially necessary abstract labour objectified in the production of a commodity, with its necessary *form* of expression and realisation as price, established through the interaction of supply and demand on the market. Crucially for the main argument in this section, we have emphasised that the ‘quantitative incongruity between price and magnitude of value’ (Marx 1976, 196) proves to be the necessarily haphazard mode which resolves, with the mediation of intra- and inter-branch competition between commodity producers, the ‘quantitative articulation of society’s productive organism’ (202). In brief, the establishment of the material unity of the social division of labour in capitalist society must involve ‘value transfers’ among commodity producers.

Now, the products of private labour are not exchanged simply as commodities but as products of capital. In this more developed concrete form, both the transformation of value into price and the competition that mediates it, prove to involve further determinations. On the one hand, the ‘quantitative incongruity’ between the *content* of the value-determinations and its concrete *form* of realisation as market price in circulation, which results from the disequilibrium between supply and demand in a branch of production, becomes mediated in turn by the qualitative and quantitative *transformation of values into prices of production*. The latter are the prices that represent the equalisation of the rate of valorisation of the multiplicity of individual capitals determined as aliquot parts of the total social capital, given the respective differences in their organic composition and turnover times (Marx 1991a, 254ff.). On the other hand, and as a result of the previous point, the competition between commodity producers with a view to obtaining a selling price which represents the magnitude of value (i.e. ‘normal prices’) takes on the further concrete form of a competitive struggle to sell at market prices which allow the appropriation of the general rate of profit (273ff.). More importantly, since at this stage capital’s immanent necessity to revolutionise the productive forces of social labour in order to produce relative surplus value has already been unfolded, the systematic-dialectical presentation can now explicitly consider the general concrete form in which individual capitals engage in the competitive struggle, namely: the introduction of technical change with a view to cutting the cost price of commodities, which in turn allows them to appropriate a temporary surplus profit. This actual modality of the competition process, explicitly determined as the concrete form that mediates the formation of the general rate of profit, turns out to be the phenomenon whose treatment Marx (1976, 433) opted preliminarily to bring forward to chapter 12 of Volume I, ‘for the understanding of the production

of relative surplus value, and merely on the basis of the results already achieved'. So let us examine the matter more closely.

By virtue of its determination as a concrete form of the establishment of the general rate of profit, all surplus profit entails a quantitative difference between the magnitude of value and its expression as price; *a fortiori*, this means that it necessarily involves a 'transfer of value'. At the level of *Capital* Volume I, all the aspects of this phenomenon could not be brought to the fore. Thus, we have already noted that in his provisional discussion of this issue in chapter 12, Marx categorically approached surplus profits as 'extra surplus value'. Moreover, in his numerical illustration, the analysis abstracted from all complexity regarding the quantitative differences between prices and values and the flows of monetary social wealth which they mediate. However, once the dialectical exposition has unfolded the formation of the general rate of profit, hence the self-negating realisation of values in prices of production that constitute the 'centre of gravity around which price turns' (Marx 1991a, 279), it is possible to incorporate greater complexity in the analysis of 'value transfers'.

Still, before proceeding to sketch out the main additional elements that need to be incorporated in a more nuanced examination of the constitution of surplus profits, we first need to distinguish between two different levels of abstraction. On the one hand, there is the simplest determination of value transfers involved in the exchange of commodities at market prices that express prices of production which coincide with values. On the other, there is a more complex determination of this phenomenon derived from the further value transfers involved in the quantitative difference between prices of production and values. Insofar as the Marxist debate tended to gravitate towards the former, in what follows our discussion will be carried out in that simpler level of abstraction.

Let us start by considering the process which establishes the socially *normal* conditions of production which underpin the determination of the value of commodities, when account is taken of competition based on technical change. At this juncture, a first point that is usually overlooked in the literature must be thrown into relief. We are referring to the rigorous systematic specification of the *qualitative kind* of technical conditions that enter in the constitution of the norm that defines the 'socially necessary labour time for the production of commodities'. In effect, the existence of technical change does not only imply that capitals are subject to *quantitative differences* in the productivity of labour that they set into motion. In addition, it also leads to the emergence of a qualitative differentiation among individual capitals regarding their (in)ability to take an active part in the formation of the general rate of profit. As we shall see at greater length in Chapter 8, this process of differentiation polarises individual capitals into *normal* and *small* capitals. For the purpose of this chapter's discussion, suffice it to note that although the latter lag increasingly behind in the pace of the process of concentration of capital demanded by the competitive struggle, there are different concrete determinations which allow them to remain in production despite their insufficient scale and backward methods of production. However, this extended lifespan goes hand in hand with their exclusion from the process of formation of the general rate of

profit, i.e. they are precluded from valorising as ‘aliquot parts’ of the total social capital at the average rate of profit. For this reason, their conditions of production do not count for the determination of the *norm* that determines the value of commodities (Iñigo Carrera 2017, 102–3). In other words, it is crucial to bear in mind that the constitution of socially necessary labour-time is not expressed in the simple average that includes *all* conditions of production existing in a determinate branch of the social division of labour, but *only* those set into motion by capitals of a *qualitatively normal kind*, which are precisely those that still possess the potentiality eventually to push the technological frontier forward. On the other hand, it should be evident that from the fact that all normal capitals are qualitatively determined as potential active vehicles for the development of the productive forces of social labour, it does not follow that their conditions of production will be *entirely homogeneous*. At any moment in time, the productivity of labour set into motion by the different individual normal capitals will certainly vary, hence the form of an average assumed by the constitution of socially necessary labour-time. However, this will be a matter of *quantitative* differences within the *quality* of the *norm*. Moreover, it goes without saying that those differences will not crystallise in a rigid or permanent stratification. On the contrary, by virtue of the ‘anarchic’ nature of the competition process over the appropriation of surplus profits, it will be subject to continuous instability and reconfiguration, as now this or that individual normal capital temporarily succeeds in the race to push the technological frontier forward.

Now, in terms of value as the specific reified social form of representation of the socially necessary labour-time objectified in commodities, these determinations are expressed in the formation of the ‘market value’, which results from the average of the different ‘individual values’ that correspond *only* to the respective conditions of production of *normal* capitals in that sphere of the social division of labour.⁶ In our view, this is the way in which Marx deliberately (albeit rather implicitly) framed the exposition of this process in chapter 10 of Volume III of *Capital* (Marx 1991a, 278ff.).⁷ Seen in this light, insofar as the constitution of the ‘market value’ is predicated on diverse yet ‘normal’ individual labour-times, the inability of certain capitals to realise the full ‘individual value’ of their commodities is exactly mirrored by the appropriation by others of extra value over and above that which corresponds to the ‘individual value’ of their own commodities (279–80, 284–85).⁸

Having clarified the determination of the ‘normal conditions of production’ which express socially necessary labour, let us turn to give a closer scrutiny to the precise source of the surplus profits appropriated by innovating capitals. As we have seen, the extent of the quantitative divergence between market prices and values always depends on the relationship between supply and demand, i.e. on the mode in which capitalist society resolves the distribution of the social product through the circulation of commodities. Hence, in order to analyse the transfers of value that follow from the introduction of a technical innovation in a sphere of production, it is necessary to examine the effect of the consequent increase in output on the balance between the supply and demand for the different commodities. In a nutshell, three possible scenarios of the impact of the resulting relationship between market prices and values on the source of surplus profits can be discerned.

Insofar as the literature on extra surplus value that we have already reviewed in this chapter offers very nuanced and ample numerical illustrations, here we shall briefly concentrate on the essential conceptual aspect of the determinations at play.

Let us start out with the following extremely simple example. Suppose that there are three normal individual capitals in a certain sphere of production and that each of them produces 10 commodities with a unitary market value of \$10, so that the total output in the branch is 30 commodities and the total market value amounts to \$300. In this initial stage supply equals demand, market price and value coincide and so do all individual values with the market value. Let us now suppose that one of these individual capitals incorporates a technical innovation that allows it to double the productivity of labour, so that the individual value of its commodities drops to \$5. Under these new circumstances, the total market value of the branch remains \$300, but the total physical output goes up from 30 to 40 units of the respective commodity. Consequently, the unitary market value decreases from \$10 to \$7.5 (expressed through the average between all normal conditions of production in the respective sphere, which by assumption includes the three individual capitals in this example). Which possible variations of the relationship between market price and value, with the consequent generation of surplus profits and flows of value transfers, can turn out from this situation?

In the first scenario, which is the more widely discussed in the literature, the expansion of output from 30 units to 40 and the drop of the market value to \$7.5, does not modify the magnitude of solvent social demand, which remains equal to \$300 (i.e. 'price elasticity' of demand is 0). Therefore, the unitary market price of the respective commodities will fall to \$7.5, which is exactly the new level of the market value. At this market price, the innovating capital will pocket a surplus profit of \$2.5 per commodity sold, which amounts to a total surplus profit of \$50. Conversely, the remaining two non-innovating capitals will suffer a loss of \$2.5 per commodity, adding up to a total of \$25 in each case. Evidently, the \$50 that constitute the innovating capital's surplus profit have their source in the loss experienced by non-innovating capitals. Thus, in this first scenario, there is a redistribution of value *within* the sphere of production, precisely because there is no 'quantitative incongruity' between market price and market value.

In the second scenario, the expansion of output and drop of market value to \$7.5 upon the incorporation of a technical innovation by one of the three capitals in the branch, leads to an increase of monetary demand to \$320. As a consequence, the unitary market price will undergo a smaller fall than in the previous case, to only \$8. The innovating capital will thereby obtain a larger surplus profit of \$3 per commodity, which will amount to a total of \$60, whilst the other two non-innovating capitals in the sphere will experience a loss of \$2 per commodity to a total, respectively, of \$20. Aggregate losses in the branch will amount to only \$40, which fall short of the \$60 appropriated as surplus profit by the innovating capital. And this necessarily means that there must be a mass of value whose original source lies in *other* spheres of production. Thus, this scenario involves the same process which is always entailed by a market price that stands above the magnitude of market value: an inflow of more value to the respective sphere than that which is given up

in exchange. In other words, there is 'non-equivalent exchange', which allows the appropriation in circulation of commodities that contain more objectified social labour-time than the amount that has been expended in the respective sphere of production (nevertheless, from the point of view of the *unity* of social labour, all privately expended labour-time will have been recognised by society and so all products will be 'stomached' by social consumption).

Lastly, in a third scenario, let us suppose that the expansion of output and the fall of the market value to \$7.5, effective demand in that sphere of production decreases to \$280.⁹ The market price will fall below the new market value, more specifically to \$7. The unitary surplus profit of the innovating capital will come down to just \$2 per commodity, thus making the aggregate surplus profit equal to \$40. In turn, non-innovating capitals will lose \$3 per commodity so that their aggregate loss will total \$60, which in fact *exceeds* the \$40 surplus profit appropriated by the early innovator. However, those extra \$20 will not vanish into thin air but will flow through the exchange process over to other spheres of the social division of labour. This is just what actually happens whenever the market price stands below the immanent magnitude of value, namely: the respective sphere of production has privately expended more labour-time (hence produced more value) than the amount of objectified labour-time contained in the commodities against which it exchanges its output.

At this juncture, two additional points are worth stressing. In the first place, to the extent that this very simple example has been framed as an exercise in 'comparative statics', it cannot reflect the dynamic character of the process of formation of market prices and the social value. It thereby overlooks that all individual capitals, precisely insofar as they are *normal*, are in fact continuously increasing the productivity of labour that they set into motion, thus mediating the immanent necessity of the total social capital to produce relative surplus value. Thus, a subsequent technical innovation is likely to take place even before market prices complete the adjustment to the new magnitude of the social value. This will lead to the further reconstitution of the 'norm' that underpins the formation of socially necessary labour-time, thus rendering anachronistic the previously established 'centre of gravity' that regulated the movement of market prices of commodities. The latter is now surpassed by an even newer magnitude of the social value, which, again, will be rendered obsolete before market prices adjust to it, in a constantly renewed dynamic process of technical change.

In the second place, note that in all three scenarios, so-called 'value transfers' do not literally involve a movement of social wealth from one capital to another. Rather, it entails a 'double' flow of value in and out of the sphere of production in which the technical innovation took place. In other words, 'value transfers' are necessarily mediated by the exchange of commodities that contain unequal quantities of objectified socially necessary abstract labour. In this sense, the term 'transfer' seems ill-equipped to capture this greater complexity of the movement of capitalist social wealth at play. It is remarkable in this regard that Marx does not usually use this term but tends to speak of 'distribution' when referring to these movements of surplus value.

Conclusion

This chapter offered a critical reconstruction and assessment of the Marxist debate over the substance, source and form of extra surplus value. We have also gathered and systematised the textual legacy on the subject left by Marx. On that basis, we provided an approach to the phenomenon of extra surplus value which, we firmly believe, is consistent with the general foundations of the Marxian critique of political economy.

In our view, the recurring controversy around the theme of extra surplus value in the most varied Marxist debates, suggests that the matter merits to be addressed as a problematic in its own right. This conclusion is further reinforced by the theoretical richness and complexity of the substantive and methodological arguments that have been put forward in the two main theses which have crystallised out of this debate. Indeed, our discussion has shown that what at first might appear as conceptually inconsequential and easily comprehensible ‘minutiae’, turned out to be part and parcel of an eminently complex economic phenomenon which synthesises a highly mediated ‘unity of many determinations’. On the other hand, it is also remarkable that in the past few decades, the debate has gained novel impetus among Marxist scholars. As we have seen, this renewed prominence of the problematic has paralleled and reflected the recent evolution of the broader Marxist debate on value theory, which ultimately provides the more general foundations of the different perspectives on the more concrete determinations that underpin the generation and appropriation of extra surplus value. Thus, we have also seen that the new consensus that seems to be materialising out of this more recent phase of the debate has strong ‘circulationist’ leanings, which is the general approach to value as a social form that tends to offer grounds to the ‘potentiated labour’ thesis.

As far as textual evidence from Marx’s economic works is concerned, our discussion of the fundamental passages from Volume I of *Capital* which originated the dispute suggested that they are far from unequivocal. However, we have also argued that a solid case could be made that what appears in that context as ‘extra surplus value’ actually constitutes what *strictu sensu* are ‘surplus profits’. Consequently, its systematic-dialectical treatment belongs to much more concrete levels of abstraction, a task which Marx managed to undertake only in a rather elementary way in the manuscripts which Engels edited and published as Volume III.

On the grounds of this reading of Marx’s treatment of the subject in *Capital*, and through a critical dialogue with the different arguments brandished in the Marxist debate, we have presented our own synthesis of the essential determinations at stake in the constitution of the phenomenon of extra surplus value. In a nutshell, we have argued the constitution of the *content* of the social objectivity of value takes place in the sphere of production, whilst its *form* corresponds to the sphere of exchange or circulation. On this basis, we made a case for the consideration of extra surplus value as a surplus profit. And this implies that it must be grasped as a mass of value originally produced by wage-labourers exploited by other individual capitals, but which is appropriated in circulation by the early innovator. In terms

of the two theses that have crystallised in the Marxist debate, this means that the source of extra surplus value resides in so-called ‘value transfers’.

In sum, this chapter has hopefully shown that the *substance* of extra surplus value from innovation lies, in all possible scenarios of ‘price elasticity of demand’, in the privately-performed socially necessary abstract labour expended by wage-workers exploited by non-innovating capitals. In turn, depending on the precise relationship between market price and the magnitude of value that emerges upon the incorporation of technical change and the consequent expansion of output, the specific *source* of this extraordinary mass of capitalist social wealth can be found in other individual capitals from either the same or other branches of the social division of labour. Finally, we have stressed that regardless of its specific source, the *content* of the determination of extra surplus value is always expressed in the mystified *phenomenal form* of surplus profits.

Notes

- 1 In the original German edition, Marx uses the expression ‘potenzierte Arbeit’ to refer to what Fowkes translates as ‘intensified labour’. As Ehrbar (2010, 1839) perceptively notes, this is blatantly wrong. Thus, here we have followed this author’s suggestion to use the term ‘potentiated labour’. A similar conclusion is drawn in Reuten (2017, 11–12).
- 2 Note that in chapter 12 of Volume I Marx does not consider the intermediary stages of the social value but only the initial and finishing ‘equilibrium’ magnitudes. The magnitude of this unitary social or market value is usually taken in this literature to be determined as the simple average that results from the total socially necessary labour-time expended in the branch and the respective aggregate output.
- 3 Iñigo Carrera (2017, 198–99) offers a similar analysis of these texts. Krätke (1997, 102–3) provides additional textual evidence, albeit in the context of the debate over ‘skilled labour’.
- 4 It must be noted that in the post-humous edition of Marx’s manuscripts, Engels added the term ‘extra surplus value’ in this passage.
- 5 In the instances in which Marx’s own presentation falls short of developing all the determinations at stake, we shall also draw on Iñigo Carrera’s intervention in the Latin American strand of the debate that we cited earlier on (Iñigo Carrera 2017).
- 6 As argued in the appendix to Chapter 2, whereas the social value is the representation of the socially necessary labour-time required for the production of a certain type of commodity, i.e. the direct reified expression of the normal conditions of production, the market value is its mediated monetary manifestation in the circulation process.
- 7 It is noteworthy in this respect that at the very beginning of the chapter on ‘The Equalization of the Rate of Profit through Competition’, Marx remarks: ‘It would change nothing if, for whatever reason, capitals in certain spheres of production were not subject to the process of equalization. The average profit would be calculated on the portion of the social capital that was involved in the equalization process’ (1991a, 274).
- 8 As we shall examine more closely in Chapter 9 on the debates over the nature of ground-rent, the mediation of non-reproducible natural conditions that differentially affect the productive powers of labour, modifies this role of the market value (formed out of an average among the individual productivities of labour of each normal capital) in the allocation of surplus profits or losses within the respective sphere of production (Iñigo Carrera 2017, 103–4).
- 9 Within the reviewed literature, only Iñigo Carrera (2017, 95–96) considers this last scenario.

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7 Cognitive commodities and the growing role of intellectual labour in value-production

Introduction

Since the 1960s, the production of relative surplus value has been driven by the development of the so-called microelectronics revolution and the consequent emergence and ever-wider diffusion of information and communication technologies. These transformations have involved a leap forward in the complexification of labour and the multiplication of its intellectual powers. In turn, as we have seen in Chapter 5, these mutations of the productive subjectivity of the working class have been constituted and reproduced through novel and greatly diversified 'norms of consumption'. The diffusion of the internet in the 1990s, the subsequent spur to the digitalisation of information and, more recently, the appearance of artificial intelligence and other innovations which have further bolstered the automatising of production, have further deepened this developmental tendency in the productive subjectivity of the collective worker. On the other hand, these transformations have been mediated by the reconfiguration of the so-called New International Division of Labour (Starosta 2016), which have dispersed the material unity of the more complex and simpler organs of collective labourer across national borders. As a result, some countries have tended to concentrate within their territories a higher incidence of increasingly complex and intellectual forms of labour-power which, from a narrowly-national perspective, has accentuated the image of a historical transformation of even vaster proportions. This has given rise to widespread ideological buzzwords such as 'post-industrial society', 'information society' or, more recently, 'knowledge economy', 'cognitive capitalism', etc. (Bell 1973; Castells 1996; Foray and Lundvall 1996; Powell and Snellman 2004; Touraine 1969).

Within Marxism, this notion of a radical break with classic 'industrial capitalism' has led many authors to call into question the validity of the 'law of value' in the current stage of capitalist development. More specifically, from the most diverse quarters many scholars have argued that in contemporary capitalism there is a growing hegemony of 'cognitive' commodities. These are commodities for which the knowledge objectified in their production predominates over the direct manufacturing labour required for the actual fabrication of its material support, which

acts as ‘carrier’ of that predominantly ‘ideal’ content constituting their use-value. Software or pharmaceutical articles are usually taken as emblematic in this regard. Thus, the argument goes, this specific material ‘ontology’ (Zuckerfeld 2006) of these knowledge-intensive products of labour (involving their costless reproducibility, indivisibility, non-rivalry, non-excludability, etc.), allegedly clashes with the nature of value as ‘objectified social labour-time’. The value-form would, therefore, be forced upon use-values, through the ‘parasitical’ imposition of ‘artificial scarcity’ by means of juridical forms such as intellectual property rights.

Although not explicitly inferred in all strands of this literature, this train of thought does tend to suggest that we would be witnessing a profound essential change in the very nature of the capitalistic organisation of the social life process, which in turn would be leading to a ‘structural crisis’ of this mode of production, involving both the obsolescence of the ‘law of value’ and the immediate material possibility of a direct transition to communism. This is indeed the overt conclusion drawn by proponents of the ‘Cognitive Capitalism’ approach (Corsani et al. 2001; Moulier-Boutang 2007; Vercellone 2003; 2007). The latter is the latest theoretical development of the post-workerist current that emerged in the early 2000s as an attempt to systematise the previously advanced ‘immaterial labour’ thesis (Lazzarato and Negri 1991; Marazzi 1994; Virno 1990) into a coherent and unified research programme.¹ However, similar ideas on the idiosyncratic nature of knowledge-intensive commodities have been elaborated by various Marxist economists, albeit with the opposite conclusion concerning the alleged inability of the Marxian ‘law of value’ to account for the determinations of this kind of commodities and their current hegemony in social production (Fine et al. 2010; Foley 2013; Jeon 2010; 2011; Perelman 2003; Rigi 2014; Rotta and Teixeira 2018; Teixeira and Rotta 2012).

Against the backdrop of these diverse phenomena, whose broad *descriptive* empirical validity is beyond dispute, and the different literatures that try to capture them within a Marxist framework, this chapter critically examines the determinations of the content and form of value of so-called ‘cognitive’ or ‘knowledge-intensive’ commodities. First and foremost, we shall argue against theorists of ‘Cognitive Capitalism’ that claims about the crisis of the ‘measure of value in social labour-time’ rest on a rather crude understanding of the antithetical determinations of the commodity-form as the unity of use-value and value. Furthermore, we shall submit that recent alternative attempts by Marxist economists to respond to those controversial and challenging arguments also fail to go beyond the immediate appearances of this kind of commodity. In fact, whether they acknowledge it or not, in most cases these authors end up admitting very similar conclusions to the post-workerist thesis that we are living in an age of crisis of the ‘law of value’ as the dynamic principle presiding over the contradictory movement of contemporary capitalism. Finally, this chapter shows that a more rigorous approach to the critique of political economy can make sense of such commodities through the lenses of the qualitative and quantitative determinations of the value-form that Marx presented in *Capital*.

The ‘applicability’ of the law of value to knowledge-intensive commodities according to ‘Cognitive Capitalism’ theorists and Marxist economists

As already mentioned in the introduction, a central argument put forward in the literature on cognitive commodities is that they differ significantly from ‘physical’ ones due to the peculiar cost structure entailed by their knowledge intensity: there are extremely high costs of production involved in the first unit, whilst the costs of subsequent units are minimal and come down to the reproduction of the materiality of the support on which the previously deployed knowledge will be incorporated (Ordoñez et al. 2008, 43). The paradigmatic case, which is also the most widely discussed in the literature, perhaps is that of software, by virtue of the high intensity of the R&D intellectual labour which is required for its production and the rather insignificant weight of the direct labour needed for the incorporation of that knowledge-content into a material support and the subsequent replication of marketable ‘copies’.

On these premises, ‘Cognitive Capitalism’ theorists infer that this costless reproducibility of cognitive commodities makes the ‘law of value founded on the measure of abstract labor-time immediately dedicated to production enter into crisis’ (Vercellone 2007, 29). This sounds deceptively simple and intuitive. If the primacy of exchange-value over real wealth is predicated on scarcity (marginalism) or on the ‘difficulties of production’ (classical political economy and, in ‘Cognitive Capitalism’ approach, Marx as well), then it seems reasonable to conclude that the immanent determinations of the value-form cannot regulate the production of commodities for which ‘the time of labor directly dedicated to production becomes insignificant’ (33). Presumably relying on this apparent simplicity, ‘Cognitive Capitalism’ theorists hardly make any effort to actually flesh out and substantiate their arguments (Henninger 2007, 172). One could argue that, in the manner of vulgar economists, these scholars just ‘appeal to “commonsense”’ (Marx 1976a, 974) as the only reason for their rejection of the determination of the value of cognitive commodities by the socially necessary abstract labour expended in their production. However, we shall see that matters are much more complex, and the seemingly commonsensical train of reasoning is far from calling into question the subsumption of these commodities under the law of value.

By contrast, some Marxist economists have recently attempted to account for the peculiarity of knowledge-intensive commodities based on the law of value. Some contributions have argued that the labour that produces cognitive commodities is quite simply just another type of *unproductive labour*, whose capitalistic production is sustained through the appropriation of surplus value extracted in other branches of the social division of labour (Foley 2013; Perelman 2003). However, insofar as these use-values increasingly tend to represent an ever-greater share of the ‘immense collection of commodities’ in the form of which social wealth appears in the capitalist mode of production, this kind of argument tends to validate the thesis of ‘Cognitive Capitalism’ theorists on the ‘crisis of the law of value’ rather than responding to them.

Another group of scholars pointed out that the ‘valueless’ nature of knowledge-intensive commodities, which excludes them from subsumption to the law of value, is predicated on the general determination of value itself. In effect, the latter is not determined by the effective conditions in which commodities have been produced but by their socially necessary conditions of *reproduction* (Rigi 2014; Rotta and Teixeira 2018; Teixeira and Rotta 2012). Consequently, once the first unit has been produced, the subsequent articles must be sold at a value which corresponds to the labour which is necessary for the former’s ‘replication’. Thus, this approach concludes, these actually are *sui generis* commodities, since ‘even though they have value as a qualitative determinant this value is quantitatively negligible’ (Teixeira and Rotta 2012, 457). On the other hand, in order to account for the *price* of cognitive commodities, it is claimed that it is necessary to have recourse to the Marxian theory of *ground-rent*: these commodities would give rise to ‘knowledge rents’ which would be pocketed by ‘knowledge lords’ (Rotta and Teixeira 2018; Teixeira and Rotta 2012).

The first thing to note about this perspective is that, similarly to the previous one just mentioned, far from responding to the objections to the applicability of the law of value to cognitive commodities, it also reasserts them. More importantly, the main weakness of this train of thought is that no real case is made for the argument that value is determined by the conditions of reproduction other than the appeal to the authority of quotations from Marx which allegedly validates that stance (Rotta and Teixeira 2018, 383–85).² However, as Parkhurst (2019, 82) has sharply noted in his critique of Rigi (2014), those same passages could be read in a different sense: when Marx refers to the ‘conditions of reproduction’ he is not denoting those which correspond to the next batch of commodities which will be produced in some *possible* future state of affairs, but to the *actuality* of the ‘social conditions existing at the time’ (Marx 1976b, 318) in which commodities arrive on the market. Thus, Parkhurst correctly observes,

By identifying reproduction, as opposed to production, as the real determinant of value, Marx is asserting that the labour time it most recently took to produce a batch of commodity units determines the amount of value contained in all commodity units of that type that are currently in stock, which may have been made at a lower level of productivity (with higher input costs and/or more labor).

(Parkhurst 2019, 82)

As we shall elaborate in a subsequent section, a first corollary of this is that the privately-undertaken social labour contained in the ‘first unit’ produced does not cease to count as part of the socially necessary labour required to produce *the whole batch* of identical commodities which are currently taken to the market. Furthermore, it must be stressed that this determination of value by ‘social conditions existing at the time’ derives from the very specificity of commodity-producing labour, which is predicated on its character as private, autonomous, and mutually independent from the rest of the individual organs of social labour.

By virtue of this specific social form, the recognition of private labour's socially necessary character can only take place at the phase of exchange (and only represented in the form of the attribute of exchangeability of its product, i.e. in the objectified social form of value). But at that moment only the labour-time which is *currently and effectively* necessary for the material reproduction of society can be taken into consideration; not that which corresponds to *prospective* material conditions of production which do not presently exist as an actuality and which will be privately set into motion as part of a *future* cycle of human metabolism, and whose socially necessary character is yet to be determined (in production) and validated (through exchange).

In opposition to those works which aim at offering an explanation as to why knowledge-intensive commodities do not have value, other scholars have attempted to flesh out the precise sense in which the cognitive labour which is necessary to produce these use-values does become represented as part of their value. The most sophisticated approach perhaps is that by Fine et al. (2010), building on the original contributions by Jeon (2009, cited in Fine et al. 2010) to the Korean debate on the subject (see also, Jeon 2010; 2011; 2015). According to this approach, cognitive labour creates value insofar as it 'potentiates' the value-positing powers of the direct labour which produces knowledge-intensive commodities. It is considered as a similar mechanism to that which Marx (1976b, 435) discusses in relation to 'exceptionally productive labour' and '[m]ore complex labour' (135). More specifically, Jeon (2010, 107) refers to this multiplication of the value-producing powers of labour as a 'virtual intensification of commodity-producing labor', a 'social processes by which the same amount of labour time produces more value without any changes to the intensity of labour due to, for example, the use of better knowledge within a sector or across sectors'. Thus, Jeon's argument concludes, 'labour becomes more productive in the former, and more complex in the latter' (107). In sum, this perspective considers that the greater value of knowledge-intensive commodities derives from the fact that their direct labour process becomes 'potentiated' by the prior cognitive labour on which it is premised.

Now, there are various problems with this argument. As we have seen in Chapter 4, the multiplication of the value-producing powers of complex labour does not derive from the 'accumulation' of past labour performed by *other* individuals, but from the 'formative' simple labour previously undertaken by the respective labourers themselves to develop their *more complex* labour-power. Yet this is not what is at stake in the production process of knowledge-intensive commodities, where the labour-power exerted in the final phase which produces the finished article –in the case of software, marketable copies– is relatively *simple*. In addition, we have also seen in Chapter 6 that the 'potentiation' of labour of a greater productive power does not entail the production of more value per unit of time, but the appropriation in circulation of an extra surplus value whose source lies in that extracted by other individual capitals. As Marx puts it, labour of a higher productivity is not potentiated in its value-producing powers, but 'acts as' if it were so. Be that as it may, this angle on the question is incapable of shedding light on the *general* determination of the value of cognitive commodities, since at stake in the discussion

of *extra* surplus value is not the constitution of the *norm* that establishes socially necessary labour-time, but of *temporary individual deviations from it*.

Lastly, also among those who seek to defend the ‘applicability’ of the law of value to knowledge-intensive commodities, some authors maintain that the cognitive labour undertaken to produce the first unit is apportioned to each element of the total mass of marketable commodities of that kind (Carchedi 2014; Fuchs 2009; 2017). As we shall show below, the general thrust of this approach is essentially correct. However, the idiosyncratic ‘temporalist’ perspective that informs these contributions renders them incapable of responding to the case for the ‘valueless’ nature of cognitive commodities based on the alleged determination of value by the conditions of reproduction.³ Moreover, also on these ‘temporalist’ grounds, some scholars further claim, wrongly in our view, that ‘[t]he production time of the necessary knowledge is best assigned to the first turnover period of capital’. They thereby conclude, equally mistakenly, that ‘the sale of knowledge at prices above its economic value is the central value-theoretic mechanism in the process of accumulating capital with knowledge products’ (Fuchs 2009, 398).⁴

Material specificity and value of knowledge-intensive commodities

Despite the air of self-evidence, the alleged inapplicability of the law of value to knowledge-intensive commodities rests on a fundamental error about the immanent determinations of the value-form of the product of labour. More specifically, this line of reasoning stops short at the *appearance* presented by the determination of value when the commodity is considered abstractly, as the *premise* of capitalist production (Marx 1976a, 953ff.).

In effect, when analysing the individual commodity as such, each of them is considered by Marx (1976b, 129–30) ‘an average sample of its kind’. This means that at this level of abstraction, the diversity of individual circumstances can be ignored, and that the organic relation between the determination of value of each singular commodity and that of the mass of which it is part can be momentarily left aside. The individual ‘part’ can be considered apart from its relationship with the broader ‘whole’, for the time being, and therefore each commodity is analysed at this stage in isolation, as an autonomous individual product. The *relation* of the individual product with the mass of which it is part does exist but, as it were, only extrinsically, through the determination of the individual commodity as an ‘average representative’. This also implies that the divergence between the labour expended in any single commodity and any other is, at this stage, immaterial. And this obviously includes the relation between the ‘first’ cognitive article produced and the reproduction of subsequent identical items of its kind.⁵

But matters are very different when the commodity is no longer considered as an abstract form of capital or as its premise, but as its immediate product or result. This is the subject of Marx’s investigation in the *Results of the Immediate Process of Production*, where he shows that the re-examination of the commodity as the product of capitalist production brings new light to the value-determinations. In fact, it is mainly in that text that we can find Marx’s most explicit and extended

discussion of the central question that concerns us here in order to solve the ‘riddle’ of the cognitive commodities that puzzles post-workerist authors and Marxist economists alike: the inner nature of the individual commodity as a component part of a form-determined total product of the process of capitalist production (Murray 2009, 165).⁶

Marx (1976a, 953–54) states right at the outset of those manuscripts that, as the product of capital, the commodity emerges differently from the commodity taken as a single product, with which the dialectical exposition began. In this more concrete context, the commodity ‘changes in form’ (969), it becomes a ‘depository of capital that has valorized itself’ (965) and must, therefore, be considered ‘as the *product of a total capital*’ (971) that embodies a part of the total surplus value generated by it. As a consequence, the determination of the value of the individual commodity can no longer be considered in isolation but must be directly posited in its organic relation to the mass of commodities whose unity embodies the valorisation of the capital invested. As Murray (2009, 164) perceptively notes, Marx’s (1976a, 949) shift from singular to plural in his first contrasting reference to the commodity as premise and product of capital is far from arbitrary.

In effect, as ‘the transfiguration of capital that has valorised itself’ (Marx 1976a, 954), the individual commodity does not simply appear as an autonomous thing that possesses value inasmuch as it is the result of a determinate quantity of privately-undertaken socially necessary labour (969). Instead, it becomes further determined as the material bearer of the value of the capital advanced (the part of constant capital transferred during the current production process, plus the variable component reproduced by living labour), together with the surplus value resulting from the exploitation of the (collective) worker. However, each commodity contains only a fraction of the total surplus value generated by the movement of capital. The latter’s *full* valorisation thus necessarily entails that the commodity be present and sold ‘on the *scale* and in the *quantities* necessary to realize the old capital value and the old surplus value it has created’ (954). The immanent result of the process does no longer consist in ‘individual goods’, but a determinate ‘mass of commodities’ that acts as a depository of valorised capital and which must, therefore, be considered as a *single* (composite) commodity, i.e. ‘as a single use-value [...] whose exchange-value therefore also appears in the *total price* as the expression of the total value of this total product’ (956).

In this more concrete mode of existence, the value of each single article is determined ‘by expressing its use-value as an aliquot part of the aggregate product, and its price as the corresponding aliquot part of the total value generated by the capital invested’ (Marx 1976a, 957). So, the individual commodity undergoes a transformation from an *average sample of its kind* into an *aliquot part of the total product of capital*. It becomes not just materially but *formally* determined as a singular element of the total mass of commodities produced by each individual capital. The relation between the ‘the parts and the whole’ suffers an inversion *vis-à-vis* the abstract appearance with which the exposition started. The value of the aggregate product no longer represents the simple addition of its constituent elements. Instead, the total value is determined ‘first’ and then shared out equally by each

individual commodity, which now contains a proportional fraction of the former. At stake here is no longer an extrinsically connected aggregate of 'autonomous' individual commodities, but a mass of use-values which is given formal unity and consistency as a single total product that embodies the value of capital plus, above all, the surplus value to be realised (Marx 1989, 301).

In sum, we can now appreciate that the real determination of value actually transcends the isolated single commodity as such. The implications of this for the analysis of cognitive commodities follow quite straightforwardly. Seen in this light, the disproportion between the enormous 'cost of production' of the first original product and the costless reproduction of subsequent 'copies' loses the fantastic aura that captivates theorists of 'Cognitive Capitalism' and Marxist economists. There is no need to declare the obsolescence of the 'law of value' as the former would have it, nor to adapt it to a novel reality of costless reproducibility as the latter think. In other words, inasmuch as each single commodity embodies an equal fraction of the value of the product of capital as a whole, the comparison between the (exceptionally high) cost of production of the first article and (exceptionally low) cost of reproduction of the rest is rendered meaningless as far as their value-determinations are concerned. The alleged contradiction between this aspect of the specific material 'ontology' of cognitive commodities and the value-form is thus revealed to be a false one. This peculiar aspect of the materiality of cognitive commodities leaves the qualitative and quantitative determinations of the value-form intact.

Cognitive means of production and the formation of value

So far, we followed Marx's method of presentation of the simpler determinations of the value-form by treating the total socially necessary labour for the production of a certain commodity as an undifferentiated quantity that evidently included, but did not explicitly distinguish between, past and present labour. Although we did refer in passing to constant capital when discussing the commodity as a product of capital, we also tacitly followed Marx's presentation in that section of the *Results* in assuming that its value 'was entirely contained in and had entered into the product of the total capital under consideration' (Marx 1976a, 958). We must now drop that assumption and address the case of means of production whose value is transferred piece by piece to the finished product. This will allow us to expand our initial examination of the impact of the 'replicable material ontology' of cognitive commodities in the determination of the magnitude of value by socially necessary labour-time. Specifically, it will bring out additional elements that will show that the commodity must necessarily be thought of as part of a total product, and that therefore the contrast between the value of the first article and that of subsequent identical products is ill-conceived. We shall focus again on the case of software which, by virtue of the high intensity of the digital content of its use-value and the insignificant burden of the material support, is most expressive of the material constitution of cognitive commodities.

Let us first examine the simpler case of specialist programming software used for the development of a new application. Here there seems to be no essential difference with, say, a machine. From the point of view of the production of the new application, the specialised software is the material product of previous labour, which will be productively consumed in the current labour process, by appropriating its use-value to produce a new use-value. Assuming that the specialist software was bought from another private producer as a commodity, it will be a bearer of value. However, its contribution to the production of a different use-value means that the social usefulness of the labour materialised in it needs to be re-validated in the new material shape. Its value will be therefore transferred in the same magnitude to the finished product as the result of the activity of living labour in its concrete character. The functional role of programming software in the labour process becomes form-determined by positing that product of past cognitive labour as *constant capital*. And also as happens with a machine, the useful properties of specialised software as a means of production are realised over the course of more than one period of production, which means that its value will be transferred to the product fractionally, at a rate determined by the average useful life during which it acts as an objective factor of the labour process. It seems, then, that the 'weightlessness' of this peculiar cognitive means of production brings no essential modification to the process of value-formation.

There is, however, a rather significant difference. Unlike the case of a machine, software can be said to approximate a condition of material non-perishability (Zuckerfeld 2006). The material support of this cognitive means of production might wear and tear as a result of the appropriation of its material properties, but not the 'knowledge-content', which can be preserved indefinitely as long as it is given an alternative physical carrier with minimal cost. This is one of the phenomena characterising knowledge-intensive commodities which some scholars throw into relief to make their case for the peculiarity of their production as material bearer of the value-creation process (Jeon 2011, 195). But what these authors tend to overlook is that besides material deterioration, means of production also experience *moral depreciation* (Marx 1976b, 528). In this sense, it could be argued that one of the most remarkable characteristics of software as a means of production is that the rate at which it will transfer its value to the final product *will almost exclusively be determined by its moral depreciation* (more on this below). Still, beyond this particularity, the functioning of this kind of cognitive product as means of production resembles that of machines.

With these form-determinations of software as a means of production in mind, let us now reconsider the problem of the apparent stark contrast between the value of the 'first unit' of a cognitive commodity and the 'valueless' nature of subsequent copies. For, strictly speaking, the 'first unit' of software actually is the 'prototype', the original digital file that contains the new application that has been developed and which will be used to make subsequent marketable copies.⁷ The former is the use-value that is the immediate result of the mostly cognitive socially necessary labour of conception, design, etc. (briefly put, R&D). As Mandel (1976, 255)

already noted in the early 1970s, the labour of R&D workers is an unambiguous part of the productive labour of the collective labourer, both of use-values and of value. But its direct result is not the finished product that eventually takes the commodity-form and is brought to the market. The production of the subsequent marketable copies –whether on a ‘physical’ carrier or by the ‘virtual’ transmission of a copy of the file through the internet–, entails the production of a use-value which is materially different from the original file, and it is in this very final objectified shape that the overall labour required from its production must still manifest whether it was expended in a socially-useful form or not. From the perspective of the production of the finished product, the ‘prototype’ represents past objectified labour. It must, therefore, not be treated as part of the actual *result* of the process of production of software. From the perspective of the final phase of the collective labour process that produces software as a commodity, the socially necessary labour of R&D that results in the prototype produces a *means of production* and, more concretely, an *instrument of labour* –whilst the raw material comprises the electric pulses which will be given the material form needed for their ‘virtual’ transmission and reception through the internet. Like the case of the making of earthenware melting pots by glass manufacturers reported by Marx (1976b, 465) in *Capital*, the production of the ‘means of production is here united with that of the product’. It is the product of the separate labour process of a special organ of the collective labourer as a whole, whose *common final product*, made up of the subsequent mass of marketable copies, becomes a commodity (475).

These further determinations of the process of value-formation for cognitive commodities such as software allow us to concretise the quantitative determination of the volume of the mass of commodities that must be considered as the materialisation of the socially necessary labour for its production. Once we make the distinction between past and present labour explicit, this mass of commodities acquires an immanent *diachronic* dimension: the software ‘prototype’ maintains its role in the formation of value as long as it remains socially-useful, i.e. indirectly satisfies a social need by acting as a means of production of additional copies. Given its specific ‘non-perishable’ character, the social usefulness of the software prototype has the peculiarity of being subject to virtually no material limit springing from its physical deterioration. Unlike the case of ‘hardware’, the relevant volume of commodities is almost purely determined by the ‘moral’ useful life of the software prototype. The latter is given by the existence of a social need for the finished marketable product (the ‘copies’), which in turn usually depends on whether those products have been displaced by similar ones (Marx 1976b, 201).

Against the backdrop of these determinations, it makes no sense to consider, as much of the literature that we reviewed does (Foley 2013; Perelman 2003; Teixeira and Rotta 2012), that the cognitive labour objectified in the ‘prototype’ is unproductive. R&D labour necessary for software is, above all, productive of use-values insofar as it produces a means of production. More importantly, since it is undertaken in a private and independent manner, it is value-producing. Lastly, to the extent that is performed under the command of an individual capital, it is productive of surplus value.

The confusion over the functional determination of the first unit in the process of production is particularly manifest in the case of Rotta and Texeira (2018, 386), who stress that it is ‘crucial to distinguish between the knowledge-commodity itself and other tangible and non-tangible commodities that it might be attached to’. On these premises, they conclude that a knowledge-intensive commodity entails ‘in fact a combination of more than one commodity’: the ‘knowledge-commodity’ and ‘technical artifact in which information is stored’ (387). Now, not only is the knowledge objectified in the first unit not a commodity but, above all, it neither is a means of production. Knowledge or cognition is an inner moment of human productive action, an attribute of labour-power which is expended as labour whenever it is set into motion. In this sense, it can only exist outside the corporeality of the labourer in the form of objectified knowledge, i.e. in a use-value. Thus, we have already seen that the first unit or prototype is not a commodity but a means of production in a labour process which will have as its product a whole batch of commodities whose value will be determined by both the direct living labour involved in the ‘replication’ of the prototype and all the past labour which was necessary to produce the latter, including that expended in the R&D process. On the other hand, even if R&D labour were independently performed in a formally autonomous private fragment of the social division of labour, knowledge itself would not be the marketed commodity: it could only become so once objectified in a separate product, which would eventually be bought as means of production by another individual capital.

At this juncture, it transpires that the argument about ‘costless reproducibility’ is premised on the inability to establish with clarity and precision the starting point and endpoint of the labour process of knowledge-intensive commodities. More specifically, this train of thought abstractly tears asunder the material unity between past objectified social labour and current living labour. Rotta and Texeira (2018) have sought to elaborate on this argument based on textual evidence from Marx in which he allegedly would be postulating that value is determined by the conditions of reproduction of commodities, idiosyncratically interpreted as signifying the amount of labour-time which is necessary to produce anew each subsequent unit of a commodity. In this manner, they infer that the first unit of a determinate kind of commodity, which according to them exclusively condenses the whole amount of R&D labour expended, suffers an instantaneous process of total moral depreciation in the face of the virtually costless replication of new batches of the same commodity (Rotta and Teixeira 2018, 384–86; 391–92; see also Rigi 2014, 911–12).

Yet, we have already pointed out that the passages from Marx which these scholars bring up as textual evidence can more sensibly be read as entailing that the conditions of reproduction are those which in *Capital* Volume I Marx refers to as the ‘social conditions existing at the time’ (Marx 1976b, 318), i.e. those which are necessary to produce a certain type of commodity at the very moment in which they arrive at the market, which certainly might differ *both* from the *past* conditions which were effectively required by ‘all the old commodities of the same type’ (318) that are still in stock and *also* from those future conditions which might be socially necessary in the *future*. As a matter of fact, against the backdrop of our

prior discussion of the functional connection between past objectified social labour and the current expenditure of living labour, it is remarkable that these authors choose not to thematise this piece of textual evidence, which is located precisely in the systematic context in which Marx explicitly considers the manner in which the socially necessary labour-time objectified in means of production reappears as part of the value of the final product.⁸ Thus, if the first unit is considered as a means of production, it follows rather straightforwardly that all the socially necessary labour-time expended in its production (and that clearly includes R&D labour) forms part of that which is necessary to produce that particular kind of knowledge-intensive commodity. There is nothing peculiar about this; it is what happens with any means of production utilised in that labour process. On the other hand, the idea that the first unit experiences instantaneous moral depreciation does not only fail to comprehend the meaning of the determination of value by ‘the social conditions existing at the time’ but also fails correctly to grasp the actual process involved in the phenomenon of moral depreciation itself. The latter only occurs whenever the *same* means of production are re-utilised in a subsequent labour process for a certain type of commodity, but in *changed* social circumstances, e.g. *other* means of production ‘of the same sort are produced more cheaply’ or better *substitutes* ‘are entering in competition with it’ (528). By contrast, in Rotta and Teixeira’s idiosyncratic understanding, moral depreciation obtains by an alleged economy in a subsequent utilisation of *living* labour by the same individual capital. In sum, although it is correct that to the extent that cognitive means of production are bought as constant capital, they suffer almost exclusively from moral depreciation only, the reason for this is that they do not experience practically any material wear and tear, and not because the same individual capital can materially economise on their use once the first unit of the final product is produced.

Finally, this reconsideration of the relationship between all past objectified labour and current living labour which are socially necessary to produce cognitive commodities shows that, *pace* Fine, Jeon and Gimm (2010; Jeon 2010; 2011), there is no process of potentiation or virtualisation between them. As we have seen, from the standpoint of the valorisation process, the R&D labour objectified in the prototype does not differ from that applied to the making of earthenware melting pots in glass production, which Marx mentions as an example of the manufacturing manual division of labour: it is part of the total socially necessary labour under the command of an individual capital, whose sole distinguishing feature is that it becomes objectified in what is functionally determined as a means of production of the labour process whose final product is a whole batch of cognitive commodities.

The economic content and juridical form of cognitive commodities

Does the previous discussion imply that the phenomenon of ‘costless reproducibility’ of cognitive commodities is entirely irrelevant for the understanding of contemporary capitalism? Actually not. Although this characteristic does not transform the normal ‘laws’ that regulate the *production of value* of commodities, this material specificity does impinge on the conditions of *appropriation* of their

use-value and, therefore, on the *realisation* of their *value*. The contemporary prominence of discussions around *intellectual property rights* essentially derives from this peculiarity of cognitive commodities.

In effect, what is distinctive about cognitive commodities, derived from their so-called costless reproducibility, is that their use-value can be appropriated as a *means of production* of further identical use-values (e.g. subsequent copies of the original software) without virtually any cost. Unlike ‘physical’ commodities, almost no new living labour or additional costly means of production are involved in, say, copying a digital file containing software. As we have seen, this does not alter the determinations of the *production* of value. But it most certainly does affect its *full realisation* and therefore gives a specific character to the juridical form that necessarily *mediates* it. The latter must not simply codify the possession of commodities as legal ownership, but also needs to regulate the conditions of appropriation of their use-value by, for instance, prohibiting home-copying or sharing of proprietary software, and more generally, its reproduction, modification improvement and redistribution, especially for commercial purposes (this is usually accompanied by *technical* barriers to the appropriation of its material properties through non-accessible source codes). This is necessary to prevent the appearance of competitors that can produce identical commodities without the need to incur all the costs involved in software development (Husson 2004). In brief, in preventing potential situations like this, intellectual property rights do not force the exchange-value of software above its insignificantly small (or inexistent) value, as claimed by theorists of ‘Cognitive Capitalism’ (cf. Rullani 2000), and also by Marxist economists who resort to the theory of ground-rent to explain the exchange-value of knowledge-intensive commodities (Perelman 2003; Rigi 2014; Rotta and Teixeira 2018; Teixeira and Rotta 2012; Zeller 2008). On the contrary, intellectual property rights are the necessary mediating juridical form for the full realisation of their value. This simplest juridical form assumed by the realisation of the value of cognitive commodities is already present in their more abstract mode of existence as premises of capital. But it is obviously further developed in their actual determination as products of capital, in which case intellectual property rights essentially become juridical forms taken by the realisation of surplus value.

The crucial point to highlight is that the juridical form does not ‘artificially impose’ the (materialised) economic relation (the value-form). Instead, intellectual property rights, however necessary, only *mediate* the realisation of the economic content, whose foundation still rests on the specific *social form* taken by the organisation of the human metabolic process in capitalism, i.e. the private and independent form of the production process of use-values. The ‘peculiar ontology’ of cognitive use-values does not compromise these simpler determinations of property rights that Marx (1976b, 178–79) unfolds at the beginning of his presentation of the exchange process in chapter 2 of *Capital*. In this sense, there is no essential difference between cognitive commodities and ‘physical’ ones beyond the technicality of extending the legal regulation beyond the act of exchange proper and into the conditions of use. The juridical form of the contract must consequently assume a more complex form. But there is nothing conceptually out of the ordinary

in it which would be signalling that we are witnessing capital's desperate attempts to subsume a production of use-values whose immanent logic 'ontologically' escapes the latter's form-determinations, or a novel form of rent appropriated by the new figure of the 'knowledge lord'.

Having declared that cognitive commodities have no immanent 'economic value' as a consequence of their costless reproducibility, a great deal of the literature under discussion also adds that, resembling so-called public goods, they are 'non-rival' and 'non-excludable' (Moulier-Boutang 2007, 163; Perelman 2003, 305; Teixeira and Rotta 2012, 462; Rotta and Teixeira 2018, 389).⁹ In the specific case of the theorists of 'Cognitive Capitalism', they thereby conceive of this determination as undermining the two foundations on which exchange-value (economic content) and private property (juridical form) respectively rested: scarcity and rivalry/excludability (Moulier-Boutang 2001, 24–25; Vercellone 2007, 34). Thus, from this viewpoint, these goods can only be turned into commodities and be subject to private appropriation 'artificially', through the social creation of scarcity by means of 'anachronistic' property relations. Inasmuch as the immanent value-determinations no longer operate in the case of cognitive goods, the juridical form must secure the parasitic imposition of a 'fictitious' economic content (exchange-value), reduced to nothing but an 'empty husk' (Vercellone 2008).

The main problem with this line of reasoning is that despite its anti-capitalist sentiment and rhetoric, it remains firmly trapped within the bourgeois horizon of mainstream economics. For even when it aims to provide weapons for the struggle against the commodity-form, it too uncritically borrows the conceptual foundations of its practical critique from the neo-classical theory of the market and property rights and simply gives them a 'radical twist'. Indeed, the validity of neo-classical arguments for the 'necessity' of the value-form (scarcity) and for the legal regulation of the private appropriation of use-values (rivalry, excludability) is implicitly accepted for ordinary commodities and the era of 'industrial capitalism'. The problem seems to reside not so much in those marginalist arguments themselves, but in their scope of applicability when an increasingly greater part of social wealth consists of knowledge-intensive commodities, as happens in the age of 'Cognitive Capitalism' (Moulier-Boutang 2001, 24ff.). Whereas ordinary private property is tacitly accepted as an *absolute* necessity for the stage of humanity's history of 'struggle against scarcity' in which 'material' commodities were hegemonic (Vercellone 2008), intellectual private property has become a historical aberration that blocks the further development of the productive forces.

But the point is that the specific material properties of commodities did not ever constitute the foundation of the value-form and private property, not even during what 'Cognitive Capitalism' theorists (wrongly) see as the now defunct age of industrial capitalism. The products of labour were never commodified because they were 'naturally' scarce; their exchange-value was never simply determined by the 'difficulty of production' (i.e. the human overcoming of natural scarcity); and their private appropriation was never founded on their 'rivalry and excludability'. This fetishistic form and its juridical expression do not derive from the material characteristics of the product but from the specific *social form* in which its

production process is organised (Nuss 2005). The products of labour take on the value-form because they have been produced in the form of private and independent labour. The critique of the commodity-form of cognitive goods based on the moral denunciation of ‘artificial scarcity’ leaves the attribution of the form of general exchangeability of ‘physical’ commodities to ‘natural’ scarcity untouched. In the end, it uncritically falls prey to the fetishism of the commodity-form of the product of social labour.

For their part, Marxist economists attempt to salvage Marx’s ‘law of value’ in the face of the peculiar ‘ontology’ of knowledge-intensive commodities through an extrapolation of the theory of ground-rent. They thus argue that when a ‘naturally’ non-scarce use-value is transformed into a commodity by virtue of the artificial scarcity imposed by intellectual property rights, ‘monopoly rents’ arise. Moreover, they also maintain that when the use of commodified information leads to the multiplication of the productivity of labour, ‘differential rents’ emerge (Rigi 2014; Rotta and Teixeira 2018; Teixeira and Rotta 2012). As happens according to Marx’s own explanation of ground-rent, some scholars further acknowledge that intellectual private property allows the capture of surplus value extracted in other branches of social production (Foley 2013). In a nutshell, these scholars try to capture these related phenomena with reference to the category of ‘information rents’ and ‘tribute rents’ (Rigi 2014), or ‘knowledge rents’ and ‘knowledge lords’ (Rotta and Teixeira 2018). Yet, as these scholars themselves recognise, there is an essential difference with respect to ground-rent: whilst at stake in the latter are natural conditions which are non-reproducible by capital, access to the ‘knowledge-base’ which underpins ‘cognitive commodities’ is artificially made scarce through the state-mediated monopoly power of capitals which produce those commodities. This is the reason why Rigi eventually admits that his argument is heir to the classic theory of ‘Monopoly Capital’ pioneered by Hilferding and Lenin (Rigi 2014, 916).¹⁰

Regardless of other problematic aspects of this latter explanation, the main issue with it is that rather than salvaging Marx’s ‘law of value’ for the era of ‘Cognitive Capitalism’, it ends up undermining it as well. Although these scholars do not necessarily agree with the theorists of ‘Cognitive Capitalism’ on the ‘value-less’ content of knowledge-intensive commodities, they nonetheless ground their exchange-value in the ‘power’ of capitalists to impose their will on the market. Thus conceived, as Hilferding (1981, 228) claimed in the original version of the theory of ‘Monopoly Capital’, ‘price ceases to be an objectively determined magnitude and becomes [...] subjective rather than objective, something arbitrary and accidental rather than a necessity which is independent of the will and consciousness of the parties concerned’. Consequently, instead of grasping capitalism as an alienated form of the social life process through an objectified form of social mediation turned into an automatic subject, this perspective depicts it as organised under the rule of the consciousness and will of certain individuals. Put differently, this modern version of the old ‘Monopoly Capital’ theory also forgets that the subject of the accumulation process is the total social capital and not particular individual capitals (Iñigo Carrera 2013, 163ff.). If intellectual property rights were allowing

the systematic appropriation of monopoly rents in strategic sectors by permanently sustaining market prices above prices of production, the production of relative surplus value itself would be hindered. The total social capital would sooner or later intervene directly (i.e. through the state) to discipline those rebellious individual capitals and remind them that their apparently autonomous actions are nothing but the immediate personifications of the former's necessity to reduce the value of labour-power in order to extend the part of the working day that corresponds to surplus labour.

Finally, the above discussion of R&D labour allows us to enrich the economic content of intellectual property rights. The increasingly systematic and intensive link between knowledge and social production does not have its immediate purpose in the development of human powers as an end in itself, but in the production of a surplus profit from innovation for the individual capitalist (Mandel 1976, 253). In turn, the latter is the necessary concrete form in which relative surplus value is produced by capital as a whole. In protecting the valorisation of R&D capital from risks of appropriation of its products as means of production by competitors, intellectual property rights, therefore, mediate not only the full realisation of value and surplus value but, more concretely, the appropriation of an extra surplus value by successful innovators. They, therefore, reproduce the conditions needed for the production of relative surplus value by the total social capital through the actions of its formally autonomous individual fragments. But they can only do so for being only *temporary* surplus profits that realise the *equalisation* of the rate of profit of *normal* capitals at that general level in the form of its opposite, namely, through their constant inequality. In other words, besides exceptional particular circumstances, intellectual property rights are a mediating juridical form in the formation of the general rate of profit and not, as much of the literature usually assumes, a barrier that 'artificially' creates the conditions of extraction of *monopoly* rents, whether because by definition the price of these commodities would otherwise tend to zero or, in more nuanced approaches, because 'similar to a land estate, a patent-based property monopoly inhibits any additional capital from flowing into the sector enclosed by the property title. For this reason, the surplus value produced within this "protected" area cannot flow into general equalization' (Zeller 2008, 99).

But precisely the very fact that captures the attention of these scholars, namely the generalisation of intellectual property rights and the expansion of their scope of application, seems to suggest that they are becoming the *normal* condition for the valorisation of capital as the 'cognitive' content of commodities increases. Unlike land, which is a natural condition *not reproducible* through human labour, objectified knowledge is the product of intellectual labour. Nothing would prevent other capitals from generating in time their own 'patentable knowledge' which, even if different from the very singularity of the knowledge of the first-mover, would still be capable of being mobilised to produce substitute use-values in equivalently productive conditions that would sooner or later erode the surplus profits of the original innovator. This, in turn, suggests that intellectual property rights are the juridical form taken by the tendential *equalisation* of the rate of profit of *normal*

capitals, that is, of those that reach the *specific magnitude* '[that] is required in each line of business to produce commodities at their price of production' (Marx 1991, 843) and which nowadays must include heavy investment in R&D.¹¹

Conclusion

In this chapter, we have sought to offer an alternative response to the challenges posed by 'Cognitive Capitalism' theorists and Marxist economists to the nexus between the Marxian law of value and the phenomenon of cognitive or knowledge-intensive commodities. The former quite simply declares the obsolescence of the law of value in the face of the alleged costless reproducibility of this kind of commodity. By contrast, Marxist economists are at pains to make a case for the continued contemporary validity of the law of value, by specifying the peculiar mode in which it would regulate the production and exchange of these commodities. Yet, most of these contributions end up accepting that knowledge-intensive commodities do not possess any (magnitude of) immanent value. Their price is thus said to be established through the imposition of artificial scarcity sustained in the monopoly power of those capitals that produce them. On the other hand, in the cases of contributions that still conclude that cognitive commodities have value, they do so on deficient or insufficient grounds.

In a nutshell, our main alternative argument was that knowledge-intensive commodities are no different from 'ordinary' ones with respect to their mode of subsumption to the law of value. In other words, the form-determinations of the commodity that Marx unfolded in *Capital* fully operate in the case of these products of labour despite their undeniable material peculiar features. More specifically, the following are the salient points that we attempted to make. First, we showed that the value of each singular commodity is given by its condition as an individual element or aliquot part of the total mass of the same type of commodity that results of the process of self-valorisation of the respective individual capital. Consequently, the clearcut distinction between the first and the successive units of the same article which is key in the Marxist controversies on cognitive commodities is actually not of the essence for the comprehension of this phenomenon. Second, we demonstrated that the functional material determination of first unit produced, which is the immediate material objectification of the R&D which is necessary to produce knowledge-intensive commodities, is to be a means of production for the subsequent labour process which replicates this 'prototype'. If the latter is produced in a formally separate private and independent fragment of the total social labour (i.e. under the command of a different individual capital), it will be form-determined as constant capital for those downstream individual capitals that buy it as a commodity and utilise it in their respective valorisation process. If the production of the first unit is undertaken under the command of the same individual capital which produces the marketable 'copies', R&D labour will nonetheless still be part of the total socially necessary labour to produce the whole mass of the latter and will be proportionally represented as value across each individual element.

Thus, the alleged ‘costless reproducibility’ of cognitive commodities turns out to rest on the forced abstraction of past, objectified labour from the total socially necessary labour to produce them. Finally, we argued that intellectual property rights which regulate the appropriation of the use-value of cognitive commodities are not the way in which monopoly capital imposes artificial scarcity but juridical forms which mediate the full realisation of their immanent value.

Notes

- 1 The ‘immaterial labour’ thesis is also a central element of *Empire* (Hardt and Negri 2000) and *Multitude* (Hardt and Negri 2004), two highly-influential books by leading post-workerist authors.
- 2 Among these pieces of evidence, Rotta and Teixeira (2018, 386) cite the following text from Marx’s economic manuscripts from 1861 to 1863: ‘The product of mental labor – science – always stands far below its value, because the labour time needed to reproduce it has no relation at all to the labour time required for its original production’ (Marx 1994, 87). Leaving aside the unsystematic, in-passing character of this passage from an unpublished draft of the Marxian critique of political economy, it is noteworthy that Marx does not claim in those lines that the product of scientific labour is ‘valueless’ but, to the contrary, that it is sold ‘below its value’. As we shall see later, one of the peculiarities of knowledge-intensive commodities is that in order for its price to correspond to its value, specific juridical forms must mediate their conditions of production and circulation. And these conditions were extremely underdeveloped in Marx’s time.
- 3 The so-called ‘Temporalist Single System Interpretation’ of Marx’s value theory is a current among Marxist economists which have emerged in debates around the transformation of values into prices of production (see Kliman and McGlone 1999). A key idea in this approach has been that the transfer of the value of constant capital to the final product must not be considered in terms of the ‘pre-production *reproduction cost*’ but on the basis of ‘*historical cost*’ (Kliman, 2007, 96). As we shall see later, this perspective is incorrect.
- 4 We shall elaborate on these issues later.
- 5 Nevertheless, there are elements in Marx’s exposition of the ‘isolated’ commodity that anticipate, without unfolding, the more organic determination of its individual value as part of a mass that we discuss below. This is implicit when he analyses changes in the productivity of labour and its impact on the individual value of each commodity. There it becomes clear that value is already at this stage the reified objectification of the total labour expended for the production of a mass of commodities in a whole period of work (later specified as a normal working day), and that each commodity represents an aliquot part of the total quantity of value produced. The contradictory movement between the quantity of wealth (use-value) and that of value rests, precisely, on this point (Marx 1976b, 136–37). This simple quantitative determination of value disproves the idea that the value of the ‘first’ commodity produced represents all past and current socially necessary labour required for its production, whilst the value of subsequent articles comes down to the quantity of new living labour that is necessary for the production of the material support and the mere reproduction or copy of the knowledge-content from the ‘original’ cognitive commodity. Still, Marx does not draw the implications of this for the appearance of the commodity as an ‘autonomous’ materialisation of a specific quantity of socially necessary labour-time. His dialectical presentation of the commodity, therefore, continues *as if* the determination of value pertained to each individual article in isolation, albeit taken as an average sample of its kind.

- 6 In addition to the in-passing comments mentioned in the previous footnote, the other place in *Capital* where Marx explicitly presents this aspect of the determination of the value-form is the chapter on the Concept of Relative Surplus Value (Marx 1976b, 433–34). In fact, in Volume III of *Capital*, he makes a self-reference to those pages of Volume I precisely in order to contrast this inner determination of value with the inverted form in which it appears in circulation (and hence in the fetishised consciousness of the individual capitalist), namely: that price is fixed for the individual commodity and that the price of the total product is determined by multiplication (Marx 1991, 338). But, unlike in the *Results*, that question is discussed rather succinctly and does not constitute the focal point of the presentation.
- 7 Strictly speaking, the stable and marketable version of software is usually referred to in the specialised literature as the ‘Gold version’, the prototype proper being an earlier version which might still contain errors or technical problems (Blondeau 2004, 44).
- 8 Incidentally, those are far from ‘obscure’ passages but have been widely discussed among Marxist economists in the literature surrounding the temporal dimension of the determination of value (cf. Kliman 2007, 97–99; Moseley 2000).
- 9 Their non-rivalry implies that the use-value of cognitive commodities can be shared without loss of the available quantity of that use-value. In other words, one person’s consumption does not diminish the amount available to other people (Varian 2001). Strictly speaking, this is not really a feature of these commodities. The alleged non-rivalry is based on the assumption that the real use-value is the knowledge-content, which is seen as an ethereal entity floating in mid-air, with the material support as a ‘mere’ physical guise (Zuckerfeld 2009). But the use-value of a commodity is given by all the material properties in their indissoluble unity, including both the knowledge-content and the ‘physical bearer’. Thus, the use-value of software thus comprises the unity of the digital content and the material support, which means that the consumption of each copy *is* rivalrous.
- 10 Rotta and Teixeira are also aware of the similarity of this train of reasoning to the arguments of ‘Monopoly Capital’ theory. Yet, they do not seem ready to accept this intellectual lineage for their own argument. Thus, they attempt to part company with ‘Monopoly Capital’ theory by stating that it is ‘a new theoretical problem’ opened by ‘the growing importance of knowledge-commodities’ and ‘the growing importance of state laws to guarantee the reproduction of commodities highly dependent on the systematic application of knowledge’ (Teixeira and Rotta 2012, 464). However, it should be noted that the fact that the object to which it is applied might have changed, does not necessarily prevent the theoretical explanation from remaining the same.
- 11 See Chapter 8 for a more detailed development of the determination of normal capitals and the regulation of their formally autonomous action through the formation of the average rate of profit.

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8 A critical look at Global Value Chains Competition and globalisation in contemporary capitalism

The case of the automotive industry

Introduction

The Global Value Chains (GVCs) approach can be regarded as a general theory of international development, which aims to provide an understanding of the world market which does justice both to its underlying 'structural' unity and the varied patterns of national differentiation. This approach sees the configuration of global production networks of individual firms as fundamental drivers of the novelty of phenomena generally associated with the 'globalisation' of the capitalist economy, defined in terms of the emergence of a pattern of global dispersion with functional integration of economic activities (Dicken 2003, 12). The concept of 'value chain' brought to the fore an often-overlooked aspect of capitalist relations, i.e. the differentiation of individual capitals in terms of valorisation capacity and of power asymmetries. Moreover, it allowed the GVC approach to highlight the relevance of the changing dynamics of these relations between capitalist firms as a crucial aspect of the process of 'globalisation' of the capitalist economy. For instance, one of the main contributions of the studies informed by the GVC approach was to offer rich empirical descriptions of the interrelated processes of outsourcing and relocation of manufacturing, which in turn involved important transformations of the 'supply relations' of most lead capitalist firms.

However, as we argued elsewhere (Starosta 2010a), the GVC approach ultimately fails to root these novel phenomena in the general laws of motion of capital as a whole. Consequently, it cannot actually provide a firm explanation of the constitution and dynamics of its own object of inquiry. In this context, our aim in this chapter is to propose an alternative account of the social determinations underlying the genesis, structure and evolving configuration of these 'value chains' on the basis of the Marxian critique of political economy. We shall start in the first section of the chapter with a discussion of the determinations of the 'chain form' taken by the current forms of capitalist competition, setting aside its global dimension for later scrutiny. In this section, we offer an actual explanation (in contrast to the overly descriptive GVC approach) of the differentiation of individual capitals based on Marx's discussion of the formation of the general rate of profit.

Whilst keeping our focus on the organisational dimension of GVCs, in the second section we turn to a more concrete discussion of recent transformations

in their composition and governance structure resulting from two interrelated processes. The first is the tendency for, on the one side, a growing specialisation of lead firms¹ in innovation and product development and, on the other, an increasing outsourcing of manufacturing activities to suppliers. The second is the transition away from more hierarchical governance forms comprising a network of small suppliers under the tightly structured command of chain drivers, with the rise of highly concentrated ‘global contractors’ or ‘mega suppliers’, which has led to a partial shift of the power asymmetry between brand-name firms and their suppliers. Subsequently, in the third section, we finally deal with the spatial dimension of GVCs’ recent transformations. More concretely, in this part of the chapter, we examine how the rise of global contractors and mega suppliers has given new impetus to the development of the international division of labour revolving around the fragmentation of the different qualities and disciplines of labour-power, through the well-known process of relocation of manufacturing to ‘low cost’ regions and countries. In both ‘organisational’ and ‘spatial’ aspects of GVCs dynamics, we argue that the Marxian critique of political economy can provide solid foundations for the comprehension of the aforementioned transformations.

Lastly, the fourth section offers an illustration of our perspective through the examination of the recent transformations of the global automotive industry. This will serve to show the concrete implications of the main points developed in the first three sections. Moreover, this brief sectoral study will provide a complementary case to our previous analysis of the electronics GVCs (Starosta 2010b), allowing us to evaluate the concrete forms in which the more general determinations are actually unfolded in different branches of social production.

The qualitative differentiation of individual capitals as the content of the ‘chain’ form of capitalist competition

In order to understand the foundation of the ‘chain’ or ‘network’-form characterising the organisation of GVCs from a Marxian perspective, it is first necessary to establish the precise level of abstraction at which the phenomenon should be located. As Henry Bernstein and Liam Campling (2006, 439) note, the main focus of value chain analysis lies in the realm of the relation between individual capitals that, although belonging to what is commonly referred to as the same ‘industry’, actually comprises different individual branches of the (market-mediated) social division of labour, each of them producing a qualitatively different use-value. At the most general level, the relations that structure GVCs are thereby those of cross-branch competition. In other words, GVCs are predicated on the essentially indirect general social relation that regulates the establishment of the material unity of the social division of labour in capitalism. And yet, what makes up the peculiar character of GVCs as a form of capitalist competition is that they seem to give those indirect social relations the form of their opposite, namely, relatively enduring direct social relations of ‘explicit co-ordination’ that mediate the complex material interdependency between particular branches of social production through the configuration of ‘chains’ or ‘networks’ of capitalist firms. They do this

by establishing 'how financial, material, and human resources are allocated and flow within a chain' (Gereffi 1994, 97). A further peculiarity of GVCs is that those forms of 'explicit co-ordination' involve power asymmetries of different degrees between the varied agents involved in them, which, in turn, redound in different profitability for each of the participants (Gereffi 2001, 1620).

Our claim is that the GVC approach is ill-equipped to explain this phenomenon. In effect, as argued at length elsewhere (Starosta 2010a), GVC analysis simply assumes the power differential among capitals and then 'explains' the emergence and dynamics of commodity chains on that basis, as the strategic choice made by lead firms through which they arbitrarily impose the conditions for the overall circulation (hence valorisation) of all other capitals along the chain. But although this might be descriptively accurate, it simply presupposes that all other capitals do not have the power to contest that organisational leadership and will therefore have no choice but submissively to accept to valorise at a lower rate of profit. This inability to provide a sound explanation of its very object of inquiry has accompanied the GVC approach from its world-systems origins, broadly based as it was in 'Monopoly Capital' theory.²

We think that the Marxian critique of political economy can provide firmer foundations for the comprehension of the nature and dynamics of GVCs. More concretely, the fundamental question lies in the connection between the essentially indirect nature of the general social relation that regulates capitalist production, and the varied direct social relations through which the establishment of the unity of the former is eventually mediated at particular nodes of the social division of labour. In other words, what needs to be uncovered is the inner connection between the self-expansion of capital on an ever-increasing scale through the unfolding of the 'law of value' (the content) and the relatively enduring direct social relations between particular individual capitals within a chain, whether relations of command or, in some cases, co-operation (the form). This connection, we argue below, is precisely what the Marxian 'law of value' can help elucidate. Let us expand and reframe this problem by first looking more closely at the general nature of capital.

One of the most potent scientific discoveries of Marx's critique of political economy was that capital is neither simply a thing (for example, the instruments of production), nor a productive unit or legal entity (i.e. a firm), nor a social grouping sharing common characteristics and interests (i.e. 'business' or 'the bourgeoisie'). In its general determination as self-valorising value, capital actually is a materialised social relation between commodity owners differentiated into social classes which, in its fully-developed form as total social capital, becomes inverted into the very (alienated) subject of the process of social reproduction and its expansion in its unity (Marx 1976, 763). Thus, capital is essentially the movement of self-expansion of the objectified general social relation between private and independent human beings which, in its own process, produces and reproduces the latter as members of antagonistic social classes (Marx 1976, 723–24; 1992, 185). Subsumed under the capital-form, the alienated content of social life becomes the production of surplus value or the formally boundless quantitative progression of the general reified form of social mediation (Marx 1976, 257).

Although this content governs the movement of capital as a whole or as an alienated collective power, the total social capital is nonetheless the product of the private and independent form taken by social labour. The general unity of the movement of the total social capital cannot be established immediately. It is thereby indirectly established through the exchange of commodities resulting from the apparently autonomous actions of individual capitals in competition with each other, as each of them pursues the maximisation of its profitability through the expanded reproduction of their formally independent cycles of valorisation. More specifically, the concrete form in which individual capitals assert their class unity as ‘aliquot parts’ of the total social capital is the process of formation of the general rate of profit (Marx 1991, 298–300, 312). This is the inner or essential determination of the general social relation between capitalist firms. However, the concrete realisation of this inner determination could be mediated under certain circumstances by the establishment of relatively stable direct social relations between certain individual capitals; for instance, relations of hierarchy and power such as those that structure GVCs. The elucidation of those determinate circumstances is precisely what a critical investigation of the social constitution of GVCs should be directed towards. The intellectual challenge, then, is to comprehend the differentiation of the valorisation capacities of individual capitals along the chain as an expression of the global unfolding of the ‘law of value’, that is, through the formation of the general rate of profit.

In volume 3 of *Capital* Marx develops the social processes regulating inter-branch competitive relations through his discussion of the formation of the general rate of profit and the ‘transformation of values into prices of production’. The problem is, however, that Marx’s argument in those pages seems to provide the contemporary reader with no elements for the comprehension of the cross-branch hierarchical relations between individual capitals of differential profitability and power characterising GVCs. In effect, as Marx argues, the *formation* of the *general* rate of profit takes the concrete form of a tendential *equalisation* of *average* rates of profit across the different branches of the social division of labour. And yet, several pages later, more precisely in the context of a discussion of the genesis of capitalist ground-rent, Marx (1991, 940ff.) hints at a social phenomenon that can shed light on the nature of GVCs. Specifically, when he is discussing the peculiarities of small-scale peasant ownership, Marx unfolds the category of ‘small capital’ and shows that its valorisation is not regulated in the same form as normal capitals. Now, whilst Marx only develops those arguments in the specific context of agrarian capital (that is, industrial capital valorised in agriculture), the work of Juan Iñigo Carrera (2016) insightfully shows that their applicability is broader and can be generalised to industrial capital as a whole.

As Iñigo Carrera argues, normal capitals are defined by Marx as those that reach the specific magnitude that ‘is required in each line of business to produce commodities at their price of production’ (Marx 1991, 843). In other words, these are the individual capitals that have the concentration needed to set into motion the socially normal methods of production and that therefore *actively* participate in the formation of the general rate of profit. Small capitals, however, do not reach that

scale and are therefore unable to take a direct part in the tendential equalisation of the rate of profit at the normal general level. By contrast, their rate of valorisation in non-agricultural branches of production is usually regulated by the rate of interest (generally lower than the normal rate of profit) that those capitals of restricted magnitude could yield if they closed down the business and were turned into interest-bearing capitals (Iñigo Carrera 2016, 26).

This means that although these capitals do not have the scale to keep up with the development of the productivity of social labour required to survive the competitive battle, they nonetheless have the chance to extend their agony by compensating their higher production costs with their lower rate of profit. The limit to the survival of small capitals is thereby given by the extent to which the price regulating their valorisation (determined by the cost price of their inputs plus the interest rate on the liquidation value of their respective assets) manages not to rise above the price of production regulating the valorisation of normal capitals. What is more, if the price that regulates the valorisation of small capitals is actually lower than the normal price of production that regulates the valorisation of normal or average capitals, the latter become effectively excluded from those branches of production. This is what explains the resilience and even dominance of small capitals in particular branches of production despite the general tendency for the concentration and centralisation of capital that characterises the capitalistic accumulation process.

The reproduction of small capitals has another implication which is crucial for the comprehension of the formation of value chains: the release of surplus value by small capitals (Iñigo Carrera, 2016, 28ff.). If concrete circumstances are such that small capitals manage to sell their commodity at a price that stands above the one determined by their specific rate of valorisation but below the price of production of normal capitals, then a potential surplus profit emerges. However, although this surplus profit is borne by the commodities produced by small capitals, their competition over that extraordinary mass of abstract social wealth eventually leads them to expand production and drives their prices down to a level determined by their specific rate of valorisation. Does this mean that the surplus profit vanishes into thin air? Certainly not. Although it slips through the fingers of small capitals, it ends up in the hands of some of the normal capitals that operate in directly neighbouring branches of the division of labour and with which they relate in the sphere of circulation. Assuming, for the sake of argument, that small capitals are suppliers of inputs for those normal capitals, the latter will benefit from a permanent flow of extra surplus value derived from the purchase of inputs at prices below their normal price of production whilst selling their own commodities at their full price of production. In turn, this means that those successful normal capitals that end up monopolising the market relation with small suppliers will systematically obtain a higher-than-normal rate of profit. We shall term the latter 'enhanced normal capitals'.

In brief, a stratification of individual capitals with differential valorisation powers emerges out of the immanent dynamics of competition that mediate the indirect establishment of the unity of social capital as the concrete subject of the exploitation of the collective labourer. Two important points should be emphasised

in this regard. First, this is not simply a short-term phenomenon but can reproduce itself over relatively long periods of time. Still, this differentiation cannot persist indefinitely, as the aforementioned objective limits to the reproduction of small capitals are reached.

Secondly, this process of differentiation does not constitute, as theories of 'Monopoly Capital' would have it, the transcendence of the formation of a general rate of profit as the fundamental law governing the competition between individual capitals. Rather, it involves a further mediating instance in the realisation of that very same law. The realisation of the identity of individual capitals as 'equally valorised values' (hence the tendency for the equalisation of their individual profit rates) (Iñigo Carrera 1995), is further developed in the form of its opposite, that is, through the sustained inequality of their valorisation capacities predicated on the extended reproduction of small capitals. In this sense, the differentiation of individual capitals is a more mediated form in which they assert their class unity as particular organs of the concrete subject of the accumulation process (and hence of the exploitation of the collective labourer as a whole): what Marx termed the total social capital (Marx 1991, 297). This means that although the establishment of the concrete rate of profit of each capital in a 'value chain' is mediated by their respective exercise of power in the sphere of circulation (thereby *appearing* as the immediate outcome of those unequal market relations), it is in reality strictly and objectively-determined in accordance with the 'macro' dynamics of capital accumulation as whole. Power asymmetries are not the cause but an expression of profit rate differentials.

In our view, this process of differentiation of individual capitals can help elucidate the essential nature of GVCs. Succinctly put, the inner content underlying the constitution of GVCs is the appropriation by certain normal capitals of the surplus value released by small capitals. The deeper *immanent purpose* and *prime-mover* of the outsourcing of manufacturing is therefore the *multiplication* of the sources of extra surplus value released by small capitals in the sphere of circulation. Thus, although it is true that one of the conscious motives for normal capitals to engage with small capitals in commodity chains is the benefits to be obtained by the employment of 'cheap labour' in low-wage locations or non-unionised sectors, this line of reasoning simply assumes that those lower costs will not (entirely) translate into higher profits for contractors or suppliers but will be appropriated by 'lead firms'. The determinations of the law of value developed above explain why this will necessarily be the case: although normal capitals are not the direct employers of those low-wage workers, they nonetheless end up appropriating part of the surplus value that corresponds to their exploitation.

The same could be said of 'organisational flexibility' which, as Raikes, Jensen and Ponte (2000, 396) highlight, tends to be flexibility for the key agent in the chain. From the perspective of the organic unity between the production and circulation of capital, 'organisational flexibility' actually entails the optimisation of the overall turnover structure of normal capitals at the expense of higher circulation costs for all other capitals in the chain (through, for instance, accumulation of inventories or unfavourable conditions of commercial credit). More generally, the transfer of

surplus value in the chain will always be mediated through the establishment of determinate conditions of turnover for each participating capital, since it is out of the whole cycle of valorisation (i.e. production plus circulation) that their respective concrete annual rate of profit emerges. In other words, the ability of chain drivers to take advantage of wage differentials and 'organisational flexibility' is the reverse side of the inability of small capitals to retain any potential extraordinary profits due to their inherently limited valorisation capacity.

The *general* nature of both the composition and governance structure of GVCs also follows from the differentiation of industrial capitals outlined above. Thus, although varying in its specifics with the particularities of each GVC, it seems reasonable to suggest that all commodity chains generally comprise at least three qualitatively different kinds of capitals: enhanced normal capitals, normal capitals and small capitals. The peculiarities of the governance structure will surely vary according to the composition of the chain. Whilst stricter relations of command/subordination will tend to prevail in nodes where exchange relations between normal and small capitals dominate, more 'horizontal' relations will tend to prevail among normal capitals and, to some extent, also between enhanced normal capitals and normal capitals. The simple reason for this is that more pronounced hierarchical relations are more likely to be the concrete mediating form involved in the appropriation of an extraordinary surplus value freed up by small capitals. In all cases, however, those varied direct social relations of command or co-operation remain forms taken by what essentially are indirect relations of competition through which the general articulation of privately-undertaken social production takes place.

The changing organisational forms of capitalist competition and the recent configurations of GVCs

The above explanation concerns the simpler dimensions of this phenomenon and therefore bears mainly on the early constitution of GVCs. However, as we shall discuss in more detail in the last section on the global automotive industry, there has been a significant organisational transformation in GVCs since the late 1980s. As already commented, these changes have revolved around two intertwined processes. The first is the tendency for a growing de-verticalisation of assemblers through the outsourcing of an increasingly wider array of productive functions, and their specialisation in product definition, development, and design. The second is the vertical re-integration along the rest of the supply chain, giving birth to the so-called automotive 'mega suppliers'. As argued elsewhere (Starosta 2010b), the electronics industry was another case in point in this sense, with an even more pronounced process of outsourcing of manufacturing to 'giant contractors'. In both branches of capitalist production, these changes were related to the progress of 'modularisation' in product architectures and production processes, although to different extents (MacDuffie 2013; Sturgeon 2002). The rising 'big' suppliers and contractors, unlike traditional simple parts producers, not only provide lead firms with more complex manufacturing activities (large subassemblies in the automotive industry and often final assembly in other branches like electronics), but also partake in an

increasing load of product design and engineering. Moreover, they do not serve just or mainly one brand-name firm through a captive relationship, but tend to manufacture for many of them, and even from very different product markets. On this basis, first-tier suppliers and contractors have rapidly grown into global giant corporations in their own right, with production facilities dispersed worldwide.

Now, the main focus of GVC research on these transformations is the analysis of the conscious strategies undertaken by transnational corporations in order to (re)configure GVCs in the benefit of their own profitability. In fact, implicit in the notion of ‘chain driver’ or ‘lead firm’ put forward by the GVC approach is a conception that raises certain *individual capitals* to the status of concrete subjects of the process of accumulation within each value chain. However, as already stressed in this chapter, the constitution of the organisational relation between various individual capitals within chains results from the operation of the inner determinations of the process of capital accumulation. Therefore, the changing firm strategies that *appear* as determinants of the development of GVCs should be themselves grasped as products of those economic processes, i.e. as concrete forms that mediate those transformative dynamics. Thus, what is needed to grasp the real determinations behind the recent transformations of GVCs is a rigorous inquiry into the changes of the process of capital accumulation in general and, on that basis, their varied specific manifestations in each branch of social production.

In a nutshell, our approach suggests that these recent reconfigurations of GVCs should be seen as expressions of the unfolding of the process of differentiation of individual capitals and its limits discussed earlier. On the one hand, we have seen that it is the tendency for the concentration and centralisation of capital springing from the accumulation of the total social capital that ultimately undermines the competitive edge of small capitals. This is done by increasing the productivity of labour of normal capitals to the point where their price of production sinks below the price that regulates the valorisation of small capitals. On the other hand, in light of the particular attributes of ‘mega suppliers’ or ‘giant contractors’, it seems reasonable to consider them as normal capitals that have eventually managed to enter into (or, rather, grow within) branches of production formerly dominated by small capitals. Those are the general economic processes that account for the initial tendency for a fragmentation of the supply base into a mass of small capitals (as in the classic post-war US automotive industry) and its subsequent consolidation through the emergence of highly concentrated suppliers or contractors. In this sense, it is highly remarkable that the rise of mega suppliers in the automotive industry has been closely associated with the progress of the automation process in component and subassembly production (in some cases reaching 90 or 100%, see Krzywdzinski 2021). This was also the case of the electronics industry, where the automation of circuit-board assembly helped to trigger the emergence of turn-key contract manufacturing (Sturgeon 1998, 12–14). These technical changes involve outlays of capital and productive scales that are beyond the potentialities of smaller capitals.

As mentioned above, although these dynamics have taken shape through a decrease of power asymmetries between lead firms and their suppliers, the

former have retained the 'leadership' function in the chain. As scholars from the systems integration literature have argued (Brusoni and Prencipe 2001; Jacobides et al. 2016), lead firms 'know more than they actually do', that is, they retain a broader and broadening knowledge base than what they concretely need to perform their particular special function in the division of labour within a chain, namely, conceptual product design and definition (automakers, as already stated, have so far also retained final assembly). The reason for this is that this broader 'knowledge base' is required for lead firms to undertake the necessary overall conscious co-ordination of the deeper material or technological interdependencies along a chain emerging from modular product architectures and the possibilities of separation of design and manufacture that they entail.

This systems integration approach provides very interesting insights on the continuous need for an element of conscious organisation of the social division of labour within value chains, in spite (or rather, because) of the undeniable trend towards the vertical disintegration of design and manufacture. However, as happens more generally with the evolutionist/neo-Schumpeterian tradition of which these authors are part, this research is one-sidedly focused on the material or technological dimension of capitalist production and overlooks its specific social form, namely, the subordination of the production of useful things or use-values to the production of surplus value (Smith 2004, 220–26). From a Marxian perspective, then, all those technical-organisational processes must be grasped in their contradictory unity with the value processes that shape the dynamics of capitalism (Gough 1996, 2067).

In this sense, the resilience of authority relations within chains beyond what GVC analysts recognise is not simply predicated on the technical/material necessity for overall systems integration. Direct command by lead firms also persists because of the irreducibly antagonistic social relations between private producers on which these networks are based, even if they entail a limited socialisation of production cutting across formally autonomous individual capitals (Gough 1996, 2072–73). This general nature of inter-firm relations acquires a peculiarly intensified expression due to the growing vertical disintegration between product development and manufacturing. Specifically, albeit in varying degrees according to the extent of outsourcing, the lead firms' invested and valorised capital can only exist materialised in commodities which are the outcome of the manufacturing activity, and hence the immediate possession, of suppliers or contractors. Similarly to the capitalist's need to ensure through their command in the direct process of production that the worker does not expend more than socially necessary labour-time during the working day (Marx 1976, 303), brand-name firms need to ensure that the outsourcing of manufacture to suppliers does not compromise the completion of the turnover circuit of their own capital in at least the socially normal time and conditions for the respective branch of production.

The function of brand-name firms as systems integrators also impinges on the concrete forms taken by the formation of the general rate of profit through which all individual capitals assert their unity as organs of the total social capital. In the first place, it is to be noted that the organisational separation of product design

and manufacture is premised on technological innovations by brand-name firms themselves that make it materially feasible to ‘codify’ and transmit more easily objectified design knowledge, so that it can be passed over more smoothly and cheaply from designer to producer (e.g. the use of simulation technology and modelling in Computer Aided Design and, more generally, the use of Information and Communication Technologies to transfer digitised information and to instantly monitor subsequent production) (Krzywdzinski 2021, 510–16; Pavitt 2003, 84). These material prerequisites for outsourcing do not fall from the sky but are the result of the competitive strategies of lead firms. The fundamental active agent in this regard is the brand-name firm searching for cost reductions *vis-à-vis* its competitors by benefiting from the multiplication of economies of scale by suppliers, which have become normal capitals specialised in manufacturing services.

This means that the reconfiguration of value chains through outsourcing to mega suppliers and giant contractors must be seen as a concrete form taken by the production of temporary surplus profits from innovations by brand-name firms through the general mechanisms described by Marx (1976, 433–35; 1991, 338), that is, by allowing early innovators to sell at individual prices that stand below the socially general ones (‘prices of production’) until the innovation becomes universal and the surplus profit is eroded. The renewed outsourcing of additional functions by lead firms recreates the generation of a surplus profit. In this way, the socially necessary labour for the reproduction of the class of wage-labourers indirectly diminishes and relative surplus value is produced by capital as a whole. This role of technical and organisational innovations as a source of surplus profits for certain individual capitals (and hence of relative surplus value for the total social capital) provides further objective social foundations for the persisting dominance of lead firms in the governance of value chains. In this sense, GVCs are not simply technical linkages with superimposed direct relations of conflict over so-called ‘value capture’. Rather, they are *chains of production of surplus value by the total social capital*, in which ‘lead firms’ assume the prominent role in the pursuit of surplus profits, in turn, determined as a concrete form of the production of relative surplus value.

The reproduction of the leadership of brand-name firms in GVCs also bears on the question of the appropriation of the surplus value released by small capitals in the sphere of circulation. The rise of mega suppliers has not led to the total elimination of small capitals in the value chain; the latter remain in the branches of the industry that produce the still necessary simpler parts or components. Indeed, precisely part of the appeal for lead firms of the multi-tier system of suppliers is the overtaking of component purchase by mega suppliers (Wong 2017, 22–23). This means that, in their condition as normal capitals, mega suppliers would be in a position to control to their own benefit the direct relationships with small component suppliers in the sphere of circulation that necessarily mediate the said transfer of surplus value. However, riding on the objective social power derived from their role as ‘systems integrators’, brand-name firms will most likely maintain their ‘entitlement’ to the surplus profit freed by the remaining small capitals in the

chain, even though they are no longer the individual normal capitals with whom the latter directly relate in circulation. In this way, they reassert their qualitative condition as enhanced normal capitals in their respective value chains.

In the next section, we shall move from the consideration of the differentiation of individual capitals to the changing forms of exploitation of the collective labourer by the total (global) social capital. This will allow us to look at the other constitutive dimension of value chains, namely, their global character.

GVCs and the international fragmentation of the subjective productivity of the working class

The production of relative surplus value in the form of large-scale industry, and particularly the computerisation and robotisation of the production processes since the microelectronics revolution, entails a three-fold qualitative differentiation in the evolution of the labour-power of the members of the collective worker.³ In the first place, these transformations have involved the *expansion* of the productive attributes of those wage-labourers performing the more complex parts of the labour process, that is, all those forms of (mainly) intellectual and scientific labour which are required for the leap forward in the automation of the system of machinery, including its technological applications and practical co-ordination. In the second place, these novel technological forms entailed a further step in the expulsion of the intervention of the human hand and of the experience-based practical knowledge of workers in the labour-process *vis-à-vis* the forms dominating during the previous historical cycle of accumulation. Indeed, these productive changes have accelerated the codification of tacit knowledge, previously embodied in the manual industrial worker and largely acquired through lengthy on-the-job, learning-by-doing processes. Once codified, this knowledge has been objectified as an attribute of the system of machinery (Huws 2006). In this sense, the tendency has been certainly one of 'deskilling' or 'degradation' of direct production work, although not as a result of the furthering of the manufacturing division of labour, as Fröbel et al. (1980) would have it, but through the objectification of formerly manual tasks as automated functions of machines. In the third place, whilst the new technologies have not resulted in the total elimination of manual labour from automated processes of production (Alcorta 1999, 164), they have recreated the conditions for the extended reproduction of what Marx (1976, 588ff.) called the modern manufacturing division of labour, that is those non-mechanised tasks and labour processes acting as an 'external department' of large-scale industry proper as the dominant form.⁴

The social processes described above have arguably been at the heart of the recent mutations of GVCs through the rise of highly concentrated suppliers and contractors. In formally fragmenting the functional extraction of surplus value from the different organs of the collective labourer through the organisational de-coupling of design and manufacturing, the latter facilitates the exacerbation of the differentiation of the conditions of reproduction of labour-powers of heterogeneous complexity. Whilst lead firms tend to concentrate mainly on the

exploitation of the most expanded forms of productive subjectivity needed for fundamental R&D productive activities, suppliers and contractors tend to exploit the part of the collective labourer of less complex productive attributes. Although the latter do employ a number of engineers, technicians, administrative staff and so on, that might embody a labour-power of considerable complexity (but still, on average, of less complexity than the kind of labour-power employed by brand-name firms), the proportionally larger mass of their workforce is composed of workers bearing the degraded kind of labour-power that acts as an appendage of a system of machinery in highly automated labour processes or, worse, that performs detailed manual tasks in whatever phases of direct production remain that are still subject to what Marx termed a manufacturing division of labour.

Through this organisational fragmentation of the production process, capital undermines one of the material bases for the political unity of those two different organs of the collective labourer in the struggle over the value of labour-power: the fact of being exploited by the same individual capital. In this way, capital economises on the total variable capital advanced by widening the differentiation between the value of the more expanded and more degraded kinds of labour-power. The latter becomes simply determined at a level that reflects –at best– the reproduction of those immediate productive attributes needed to be employed as an appendage of the machine or a specialised labourer (Iñigo Carrera 2013, 74). By contrast, in situations where the two kinds of productive subjectivity are exploited under the same ‘juridical roof’ (that is, the same firm), less skilled workers are in a better position to force capital to provide a certain degree of universality in the conditions of reproduction of the collective labourer as a whole.

The role of the differentiation of individual capitals in accentuating the fragmentation of the conditions of reproduction of workers is not restricted to that between lead firms and first-tier suppliers. The presence of small capitals in the value chain plays its part as well. Despite the accelerated and pronounced process of concentration and centralisation of capital at the level of manufacturing, small capitals still subsist in the production of less complex components, basic inputs, and raw materials. As Iñigo Carrera (2016, 31–32) points out, the precarious situation in which these capitals operate makes them generally prone to the most ruthless exploitation of the workers they employ. However, the unleashing of the potentialities of the new organisational forms of GVCs for a further deepening of the differentiation of the working class was burdened with another materially-grounded political barrier. In effect, the so-called Keynesian phase of capitalist development was based on the relatively universal reproduction of the two general types of productive subjectivity, that is expanded and degraded. The material basis of this form of working-class reproduction was the following: however degraded the subjectivity of direct labourers was during this phase of capital accumulation, it still retained a strategic productive intervention at the heart of the production of relative surplus value, that is in the production of machinery itself (Iñigo Carrera 2013, 61ff.). In effect, both the calibration of machinery and the assembly process still depended on the subjective expertise of direct workers. This strategic intervention gave the degraded organ of the collective labourer a particular source of

political strength in the struggle over the value of labour-power, which allowed those workers to force capital to moderate the differentiation of their conditions of reproduction *vis-à-vis* those performing more complex forms of labour.

In order to spread the accentuated differentiation of the conditions of reproduction and exploitation of the varied organs of the collective worker, capital thereby had to break up the unity that the working class had achieved as an expression of those determinations of the prior historical cycle of accumulation. The very dynamics of the unfolding of the so-called New International Division of Labour (NIDL), mediated as they were by the general crisis of overproduction of capital on a world scale that exploded in the mid-1970s, provided the means through which such a process of restructuring could push forward (Iñigo Carrera 2013, 70–74). In the first place, in eroding the need for the strategic manual intervention and/or practical knowledge of direct labourers in the production process of machines, the microelectronics-based automation of the labour process at the basis of the development of the NIDL undermined the material source of the political power of this segment of the working class. This situation was further compounded by the real or potential shift of the valorisation process that, as we have seen, this technical change made possible. In the second place, working-class solidarity was weakened even further through the disciplinary effects of the growth of the relative surplus population in most advanced capitalist countries, brought about by the open manifestation of the said global crisis of overproduction (whose definitive resolution has been postponed ever since through successive cycles of credit-fuelled expansion) (Iñigo Carrera 2013, chapter 6). Thirdly, the concomitant crisis of ‘national developmentalism’ in the Global South and of the ‘Soviet Bloc’ in Easter Europe also swelled the ranks of the relative surplus population.

On these material and social bases, Transnational Corporations (TNCs), acting as lead firms and pushing for the constitution of geographically dispersed global value chains, were one among different concrete agents driving this transformation, in a complex process which has also been mediated by the ‘emergence’ of ‘national’ capitals from the ‘periphery’, state policies and workers’ struggles. As Fröbel et al. (1980) rightly (though one-sidedly) captured in the late 1970s without being able to uncover its general content, this social process of global restructuring historically started with the geographical relocation of simple manual labour processes to low-cost countries and regions, whilst concentrating its increasingly more complex parts in the more ‘advanced’ national or regional spaces of capital accumulation. However, subsequent historical developments revealed that those simple original forms of the NIDL have evolved into a more complex constellation, whereby capital searches for the most profitable combinations of relative cost and qualities/disciplines resulting from the variegated past histories of the different national fragments of the working class (through their impact upon their general conditions of reproduction and condensed in the so-called ‘historical component’ of the value of labour-power). Each country, therefore, tends to concentrate a certain type of labour-power of distinctive ‘material and moral’ productive attributes of a determinate complexity, which are spatially dispersed but collectively exploited by capital in the least costly possible manner. In this context of

exacerbated competition among wage-workers, capital can, therefore, economise on the overall capital advanced for the total wage bill, lengthen total working hours and increase the average intensity of labour. Thus, out of all those different antagonistic social actions, but ‘behind the back’ of the diverse agents involved, a reduction of socially necessary labour-time for the reproduction of class of wage-labourers as a whole result and, as a consequence, relative surplus value is produced on a world scale.

The significance of the above transformations of the international division of labour for the comprehension of the inner determinations of GVCs should be obvious. For it is clear that the formation of GVCs not only expresses the formal differentiation of capital into individual capitals of stratified valorisation capacities; in addition, they mediate the international fragmentation of the productive subjectivity of the collective labourer of large-scale industry.

The global automotive industry in light of the organisational and spatial reconfigurations of GVCs

The post-war US automotive industry constitutes a good example of the *simple form* of value chains, i.e. one which is comprised of one normal capital that becomes ‘enhanced’ by virtue of its relationship with a multitude of small capitals in the supply base. This classic system of supplier relations entered a phase of deep restructuring since the mid-1980s. Partly as an answer to the rise of Japanese auto firms as challenging competitors on the world market, the same ‘lead firms’ that in the post-war decades fuelled the proliferation of a myriad of small capitals (Helper 1991, 797ff.), started to foster the centralisation of capital in parts and component production by way of mergers, acquisitions and even by the spin-off of component divisions from assemblers themselves (Frigant 2009; Humphrey 2000, 248–49). By increasing the division of labour with the creation of this new ‘subassembly’ branch of social production, assemblers were pushing for increasing scales of production that would, in turn, allow to introduce better technologies (particularly, to increase automation, see Jacobides et al. 2016, 1950). In terms of our previous analysis, they were searching for surplus profits through technical and organisational innovation. As a result, the reconfigured value chains were more complex than its classical post-war version. At the risk of a slight oversimplification, if until the 1980s there arguably was only one (enhanced) normal capital which related in circulation with a multiplicity of small capitals as suppliers, the globally-restructured value chain involved at least three types of capitals: enhanced normal capitals as chain drivers, normal capitals as mega suppliers and small capitals in the lower tiers of the supply base.

It is our contention that mega suppliers might be seen as normal capitals which, precisely by virtue of that emergent novel determination, are now able to push forward technical change in complex parts manufacturing. In effect, as mega suppliers developed and consolidated, they started to cater for several assemblers, thus significantly expanding volumes of production. This, as Volpato (2004, 169) reports, was a conscious goal of lead firms when they outsourced subassembly

production. Indeed, the increased scale is one of the crucial advantages of the very existence of ‘mega suppliers’ within the chain, as they can share facilities, machinery, and platforms between different ‘customers’, in contrast to the necessarily more limited scope of in-house production by assemblers themselves. Besides, we saw that the concentration of capital at the level of parts and component producers implied a decrease in power asymmetries between assemblers and the now larger suppliers. Moreover, the relatively high complexity of subassemblies required an increased bidirectional flow of information between both types of firms in the process of component co-design. However, despite the greater ‘horizontality’ of relations between firms and the need for more co-ordination across the chain, mega suppliers remain in a relatively subordinate position *vis-à-vis* lead firms.

As various scholars close to the GVC approach have argued (MacDuffie 2013; Sturgeon et al. 2008, 307–8; Volpato 2004, 176–77), this latter fact reflects the strong technical need for a ‘system integrator’ implied in the product architecture of motor vehicles (for example, the high functional interdependence between modules). But at least of equal relevance for the continuity of the dominance of assemblers is the persistent differentiation in the ‘upper’ segments of the chain between assemblers as *enhanced normal capitals* and mega suppliers as *normal capitals*. More specifically, despite the undeniable concentration and centralisation of capital in the first tier of the supply base, the former firms remain ‘entitled’ to the appropriation of any potential surplus profits that might arise in the rest of the chain. This will certainly include the extra surplus value released by the remaining small capitals in the lower tiers of the supply base. But assemblers will most likely also profit from the lower wages paid by component producers, including the novel mega suppliers. This should come as no surprise. In effect, had assemblers not proven able to reap a substantial share of the emerging benefits of the transferring of productive functions to mega suppliers, they would not have *deliberately* encouraged and fostered this wave of outsourcing in the first place.

In this sense, it is also worth bearing in mind that, as argued earlier, the ensuing differentiation in the conditions of reproduction of wage-workers was determined by the fragmentation of the exploitation of the varied organs of the collective labourer across different individual capitals (in contrast to the ‘vertically integrated’ extraction of surplus-labour in-house). Thus, this need to differentiate between individual exploiters of the collective labourer of the chain was exacerbated by the increasing share of highly trained (and therefore more expensive) workers in the assemblers’ workforce. In fact, the process of outsourcing of subassembly production to mega suppliers resulted in a further specialisation at the top of the chain, allowing assemblers to invest a greater portion of their capital (hence also gaining scale) in design, innovation and ‘system integration’ functions, which were now regarded as their ‘core competence’ and as ‘high value-added’ activities (i.e. more profitable than direct manufacturing). These functions required such a massive scale to the point of exceeding the reach of most mega suppliers (Jacobides et al. 2016, 1960).

This is reflected as well in the clear-cut size difference in the magnitude of capital between assemblers in general and the largest suppliers.⁵ Remarkably, it seems significant that despite the accelerated process of concentration and centralisation

of capital among first-tier suppliers in recent decades, this scale disparity has remained firmly in place. In effect, whenever the size of the relatively smaller assemblers approached that of the largest mega suppliers, a process of mergers or ‘alliances’ between assemblers tended to ensue.⁶ In other words, whenever those assemblers seemed to have fallen behind in the process of concentration of capital and were thus ‘dangerously’ approaching the apparent lower limit to be a normal capital in this branch of social production, the process of centralisation of capital restored their status as enhanced normal capitals, reinstating at the same time the ‘entry barrier’ in the assembly sector. This strongly suggests that the magnitude of capital required to act as a ‘chain driver’ in the automotive industry is still out of reach for most suppliers, even after the notable concentration of capital in the sector during the last decades. On this basis, assemblers maintained dominance over the chain, essentially expressing their character as ‘enhanced’ normal capitals *vis-à-vis* normal and small capitals.

Let us now recapitulate the fundamentals of our account of the recent process of restructuring in the automotive value chain. Organisational changes in the sector had a two-fold determination. First, they were a form of ramping up scales of production both on the assemblers’ side (via specialisation in innovation, design, and system integration) and at the supply base (through vertical re-integration of manufacturing). Second, they mediated the process of differentiation in the conditions of reproduction of workers. In both cases, although the immediate beneficiaries were the individual capitals directly involved in the chain (and particularly among them the ‘enhanced’ normal capitals acting as ‘chain drivers’), the essential outcome was the production of relative surplus value for the total social capital through the cheapening of labour-power. The new wave of ‘globalisation’ of the industry since the 1990s was certainly related to the first of these determinants of novel GVCs, for the consolidation of mega suppliers as normal capitals was closely associated with their global expansion as they followed the assemblers’ own internationalisation. In this sense, global mega suppliers were able to ‘solve’ the contradiction between local sourcing for each assembly plant and economies of scale, by means of centrally-producing common components and then assembling customised modules close to terminals (Humphrey 2003, 125; Sturgeon et al. 2008, 306). In this way, mega suppliers could also fulfil their role as ‘lieutenants’ of assemblers (Wong 2017, 22) in managing the rest of the supply chain, i.e. the lower tier suppliers that were in most cases less global than mega suppliers.

But as we argued in section 3, the main driver of the globalisation of automotive value chains was the evolving NIDL structured around the international differentiation of productive attributes and costs of wage-workers. In fact, mega suppliers were particularly aggressive in their location strategies, establishing their centralised component production in low-wage sites, especially with regard to those more labour-intensive activities (Frigant and Miollan 2014; Sturgeon et al. 2008). Instead, assemblers kept a large portion of the labour-force at their home countries, mainly because design and research activities remained located at, or near, the traditional headquarters of these companies (and because they continued to assemble locally to serve a portion of domestic demand). This is not to say that

assemblers were inimical to the NIDL; the point is that mega suppliers played the role of active agents in the relocation of manufacturing activities within the chain (Frigant 2009, 433ff.; Frigant and Zumpo 2017, 81). Indeed, it can be said that the rise of mega suppliers has been a concrete and necessary form of the international fragmentation of the productive subjectivity of the working class, since they have been the most prominent *direct* exploiters of cheap labour in 'low-cost' locations. Of course, it should be obvious at this stage of our argument that assemblers, as chain drivers, have managed to take a share in the resulting surplus profits.⁷

Conclusion

In this chapter, we have offered an alternative account of the nature of the articulation of individual capitals in capitalist global production of commodities, i.e. the so-called GVCs. This approach, we think, provides a sounder explanation of the most salient phenomena at stake than those offered by the more widespread GVC literature. In brief, we have shown that the different profitability of the various types of firms comprising the chain is actually an expression of the differentiation of individual capitals, resulting in turn from the realisation of the 'laws of motion' of capitalist production, i.e. of the law of value. In this sense, these chains are not simply an articulation of firms on the basis of direct social relations of power and command, but chains of production of surplus value that realise the indirect nature of capitalist social relations. As such, they mediate the unfolding of the process of concentration and centralisation of capital through which the latter asserts itself as the alienated subject of the development of the productive forces of society.

In this inquiry, we threw into relief what could appear as a somewhat striking development: the recent transformative dynamics of GVCs *seem* to imply the 'de-centralization' of capital, since the process of outsourcing effectively splits innovation from manufacturing into the core activities of different individual capitals, on top of the already fragmented manufacturing phase itself across the supply chain. Although this development has been a concrete form of expanding the scale of *both* phases of the material unity of the process of production of commodities, it remains true that the novel form of GVCs has very clear objective limits from the point of view of the development of the productive forces of society, a point which has been mostly overlooked by GVC scholars. In particular, the efficiency gains of outsourcing of manufacturing are conditioned by the extent to which mega suppliers and contractors achieve economies of scale deriving from the fact that they can cater for several lead firms. However, what scholars have not mentioned is that those economies of scale will tend to decrease as the centralisation of capital in final products markets leads to the shrinking of the pool of potential customers. Eventually, vertical 'reintegration' of innovation and the several phases of manufacturing will prove more conducive to the increase in the productivity of social labour and hence to the production of relative surplus value, thus making necessary yet a further leap forward in the concentration and centralisation of capital in the automotive industry.

Appendix

The rate of profit in the automotive industry

The transformations in the global automotive industry leading to the configuration of GVCs can be appreciated through the analysis of the profit rate of the different individual capitals that comprise the chain. The classical form of supply relations in this industry consisted in the association of normal capitals in the assembly sector with small capitals in the supply base. Table 8.1 shows the profit rate on own capital for the US automotive sector between 1947 and 1965.

These data show a clear differentiation in the profit rate between assemblers and suppliers, which is consistent with the differentiation of individual capitals discussed in this chapter. It should be noted that the difference is greater when only the ‘Big Three’ automakers (General Motors, Ford and Chrysler) are taken into account, although it is also apparent if all assemblers are considered.

The contemporary reality of the global automotive industry is shown in Table 8.2. During the period 1992–2019, the average profit rate of the 12 largest

Table 8.1 Profit rate on own capital in the US automotive industry

Years	‘Big Three’ Assemblers	All Assemblers	Part Suppliers
1947–1965	25.0	20.2	13.8

Source: Net income (after tax) as a percentage of net worth reported by Crandall (1968).

Table 8.2 Profit rate on own capital in the global automotive industry

Years	Top 5 Global Assemblers	Global Assemblers (13 Firms)	Global Mega Suppliers (Top 10 by Sales)
1992–2000	14.1	8.6	12.4
2001–2010	7.5	8.2	5.8
2011–2019	15.3	12.0	15.3
1992–2019	12.1	9.6	11.0

Source: Net income (after tax) as a percentage of net worth. Own calculations based on balance sheets and U.S. Census Bureau (2022).

Note: years with negative net worth are excluded.

global assemblers was essentially the same as the average profit rate of the 10 largest global suppliers, in both cases ranked by global sales. Despite the inherent difficulties of the measurement of the profit rate, the tables seem to support our characterisation of ‘mega suppliers’ as normal capitals.

Notes

- 1 ‘Lead firms’, in GVC parlance, are those firms that ‘drive’ the chain (thus the similar term ‘chain driver’). They include, for instance, final assemblers in the automotive industry and, more broadly, ‘brand-name firms’, which include other ‘lead firms’ in branches like electronics or apparel. We shall use all these terms interchangeably in the rest of the chapter.
- 2 More recently, GVC scholars have broadened the original notion of chain governance by incorporating other actors besides capitalist firms (Ponte et al. 2019), thereby providing a more nuanced classification of the ‘types of power’ observed in GVCs (Ponte et al. 2019). However, as these scholars themselves highlight (2019, 135), this typological approach remains just an analytic guide to the empirical research of particular GVCs rather than a proper theoretical framework. At the same time, a new critical strand of GVC scholars aims at further expanding the scope of the GVC approach to include dynamics of subordination and exclusion as constitutive moments in a process of uneven development (Bair and Werner 2011; Werner and Bair 2019). While these modifications in the approach may enhance its descriptive accuracy, they are still unable to solve its more deeply-entrenched incapacity to uncover the inner determinations that explain the very existence of power relations as concrete forms of realisation of capitalist competition between firms. In contrast, some recent contributions to the GVC debate from perspectives close to the Marxian critique of political economy have emphasised the need to ask *why* firms ‘innovate, reorganise or relocate’ within GVCs, rather than *how* (Havice and Pickles 2019, 177). However, besides some sharp observations about the striking lack of conceptualisation of the very concept of ‘value’ within the GVC approach (Gradin 2016), there has not been much progress in showing precisely how a solid grasp of the Marxian law of value could help elucidate the underlying determinations of the concrete forms of articulation of individual capitals in the chains. For instance, in one of the most elaborated attempts, Quentin and Campling (2018, 36) state that the purpose of value theory is merely to provide an objective parameter to detect ‘potentially arbitrary money flows’ and therefore to expose situations in which the law of value does *not* rule the relations between firms. In contrast, we think that from the standpoint of the Marxian critique of political economy, the task is concretely to demonstrate why and how the very operation of the laws that regulate the movement of capitalist competition leads to unequal valorisation capacities of individual capitals and, therefore, to different forms of ‘capture’ or transfer of value within the chain.
- 3 This is a summary of the main aspects of this process which are more relevant for the purpose of this chapter. For a more detailed account, see Starosta (2016).
- 4 Strictly speaking, the multiplication of the surplus population relative to the needs of the accumulation process has also constituted a transformation of productive subjectivity produced by the automation of large-scale industry (see Marx 1976, 533–75).
- 5 As expressed by different balance sheet measures like total and fixed assets and net worth.
- 6 Take, for example, the cases of the strategic alliance between Renault and Nissan, the creation of the FCA group upon FIAT’s acquisition of Chrysler and, more recently, the formation of the Stellantis group through the merger between FCA and PSA. All these

cases involved relatively large firms which had lagged behind *vis-à-vis* the scale of the leading individual capitals with the greatest share of global output.

- 7 It should be noted that, although the search for a cheap and compliant labour-force across the globe by the total social capital can be traced back at least to the post-war internationalisation phases of the automotive industry (Fitzsimons 2020; Grinberg 2011, chapter 3), this form of the international division of labour has recently intensified through the ‘regionalisation’ of the industry that has taken place in the last decades. This is clearly exemplified by the relocation of manufacturing by US and European firms to the so-called ‘integrated peripheries’ of Mexico and Central and Eastern Europe (Jürgens and Krzywdzinski 2008; Pardi 2017). This aspect of the globalisation and regional integration of the auto industry is well-known, and it is quite undisputed that the process has been primarily driven by the search of lower labour costs. For a detailed discussion of the case of the South American auto industry, following the approach on the specificity of capital accumulation in this region developed in Chapter 10 of this book, see Fitzsimons and Starosta (2018) and Fitzsimons and Guevara (2023).

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9 **The debate over the determinations of ground-rent and the implications for the comprehension of the exchange of agrarian and mining commodities on the world market**

Introduction

Like other sections of Marx's *Capital*, the one on ground-rent has been approached in the past in the most varied manners. At present, however, many contemporary readings do not seem aware of this diverse theoretical lineage and simply proceed as if there were no alternative views of the determinations of ground-rent; or, even worse, they often overlook the contributions which pioneered the same interpretation that they are putting forward or the debate surrounding them. Thus, they end up treating long-standing arguments as radically novel insights. Be that as it may, and whatever the reasons for these omissions in the current literature on ground-rent, the point is that contemporary contributions hardly do any justice to the rich history of Marxist thought on the subject.

Against this backdrop, in this chapter, we shall offer a critical reconstruction of the debates and controversies over four fundamental aspects of the Marxian explanation of ground-rent. On the one hand, we aim at drawing attention to the existence of alternative perspectives which are critical of the dominant view in the literature. On the other hand, we intend to bring to light some contributions which have remained mostly overlooked but which, we think, are of utmost relevance for the investigation of several concrete phenomena of present-day capitalist society. Overall, this review of the different *problématiques* associated with ground-rent will serve us to offer a consistent approach to its determinations in line with the methodological and substantive foundations of the Marxian critique of political economy that we have unfolded in the rest of this book. On these general grounds, in the final section, we focus on some more concrete ramifications of this discussion and illustrate their significance for the inquiry into the dynamics of contemporary capitalism.

Controversies over ground-rent and its source

Ground-rent appears as a mass of value which ends up in the hands of landowners exclusively by virtue of their ownership of land. As Adam Smith (1982, 67) already observed, to the extent that 'the landlords, like all other men, love to reap where they never sowed', it is evident that this mass of value must be a portion of the

total surplus value available in society. In this sense, one could wonder which specific part of surplus value constitutes the social substance which takes the form of ground-rent, i.e. who are the wage-workers whose objectified surplus labour is represented as the surplus value that landowners pocket in the form of ground-rent. A first group of scholars argue that, with the exception of simple monopoly rent, ground-rent is surplus value extracted *within* the respective branch of production (in these debates the focus has tended to be on *agrarian* production, although most of the arguments can be extrapolated to all the 'primary' sector). By contrast, other scholars maintain that, except for absolute rent, all forms of ground-rent have their substance in surplus value produced *outside* agrarian production.

The first of these views was initially developed by the Soviet orthodoxy in the context of the debate over the role of agrarian production in the 'socialist' industrialisation process. This orthodox stance was fundamentally concerned with calling into question what it considered to be the 'conventional wisdom' among Russian Marxists, which had found in Preobrazhenski's (2022, 259ff.) contribution the most authoritative voice. According to this latter perspective, as any other surplus profit, ground-rent represented a transfer of surplus value from other branches of social production, which flowed into the agrarian sector through the sale of agrarian commodities at higher prices than their value. In contrast, the Soviet orthodoxy argued that, since value is a reified social relation, its magnitude can only be determined in the exchange process. Consequently, those authors rejected the notion that there could be such thing as intersectoral transfers of previously-constituted masses of value (Lyubimov 1930, 262ff.). In rather less sophisticated interventions in the debate, which eventually ossified as official doctrine, it was simply claimed that insofar as ground-rent originates due to the higher productivity of labour which produces in more favourable circumstances, the substance of surplus value that constitutes ground-rent must be found in that labour itself. This is the conclusion drawn by, for instance, Lapidus and Ostrovityanov (1929, 279): 'ground rent, which constitutes an extra profit over and above the average profit, is created by the higher productivity of the workers employed on better soil' (see also Economics Institute of the Academy of Sciences of the U.S.S.R. 1957, 222–23). Against this backdrop, even usually dissenting scholars like Vygodskiĭ (1974, 101) also claimed that 'from Marx's theory of rent it follows that both the absolute and the differential rent as well result from the labour of the agricultural worker'.

As Itoh (1988, 397n30) reports, this latter position disseminated in Japan after the translation of Lyubimov's book appeared in the 1930s through the work of Kōza-ha scholars, especially in the contribution of Yamada (1948; cited in Itoh 1988). Those first interventions triggered a long debate among Japanese Marxists. Although the initial critical reaction to Kōza-ha scholars was that of Rōnō-ha theorists (in particular, Sakisaka, 1930 and Susuki, 1952, cited in Itoh 1988), this alternative perspective gained international impact through its elaboration by the so-called 'Uno' school (Itoh 1980, 92; 1988, 240ff.; Sekine 1997, 75ff.; 2020, 657; Uno 1977, 98).

More recently, the arguments originally put forward by the Soviet orthodoxy resurfaced in the most varied contexts, albeit without acknowledgement of their

intellectual lineage. At the level of abstraction of the simplest determinations of ground-rent, they can be found in the work of Murray (1977), and with a more elaborate grounding in the theory of value, in Indart (1990), Balardini (2017) and Foladori (2013). A similar stance has emerged within the controversy over the unequal exchange between countries, with a particular regional focus on Latin America (see, among others, Astarita 2010, 222–23; De Paula 2020, 353ff., 394ff.; Félix 2021; Higginbottom 2016; Salvatore 1997). In this more recent spate of contributions, the essential train of thought of the old Soviet orthodoxy has been further complexified; for instance, through the consideration of agrarian labour of higher productive power as ‘potentiated’, or by approaching this branch of production subject to uncontrolled natural conditions as an instance of the ‘modified’ application of the law of value by virtue of those ‘extraordinary circumstances’.

In our view, the first problem with this line of reasoning is that it stands in blatant contradiction with the Marxian explanation according to which an increase in the productivity of labour leads to a larger quantity of use-values produced in a certain time but leaves unaltered the total amount of value (Marx 1976, 130–31). Furthermore, as pointed out in our discussion of the nature and source of extra surplus value, the implication of the idea that ground-rent is constituted by the surplus labour extracted from agricultural labourers is that the total quantity of surplus value generated across society would no longer coincide with the total quantity of surplus labour performed by the working class as a whole. The immanent unity between materiality and social form characterising capitalist society would thereby be torn asunder.

For its part, the view which claims that the surplus value which constitutes ground-rent is the social representation of the surplus labour extracted from wage-workers from other branches of production can be tracked down to the works of Russian Marxists challenged by the Soviet orthodoxy, with the work of Preobrazhenski standing out among them. Yet this position saw greater elaboration and sophistication in the aforementioned interventions to the Japanese debate on the nature of ground-rent. In a nutshell, the main argument was that since in agriculture the market price is regulated by the least favourable conditions of production, those privately-performed fragments of social labour which set into motion a higher productivity are thus also expressed in that market price. And this leads to a quantitative divergence between the latter and the magnitude of value of agricultural commodities. As buyers of the consequently dearer agricultural produce mostly comprise members of the working class, the mass of value at stake entails a deduction of the surplus value that could otherwise be extracted from them should they need not consume those higher-priced commodities. It follows from this that the surplus value which constitutes ground-rent originates in those branches of production in which the said wage-workers/consumers are employed (i.e. exploited by capital). In the words of Itoh (1988, 242), ‘we can be sure that the substance of the differential rent is to be regarded [...] as a transfer of social surplus-labour through the social transactions of the commodity labour-power, wheat and payment of rent beneath the forms of value’.

A similar line of reasoning was also independently advanced in the 1970s in the context of the debates over dependency and the agrarian question in Latin America. The first wave of contributions to address the subject comprised the works of Spilimbergo (1974), Ferré (2007) and Laclau (1969). Thus, for instance, the latter author argued that ‘differential rent [...] is surplus value produced by the foreign worker which flows into the country [Argentina] by virtue of the ample demand for raw materials from the world market’ (Laclau 1969, 294). The argument was later revisited and further developed with greater complexity and precision by Bartra (1979) and Margulis (1979), who addressed the question through the explicit consideration of differences between values and prices of production derived from the diverse organic compositions and turnover times of individual capitals. Among the other authors who also shared this perspective in those years, the following could be mentioned: Flichman (1977), Vergopoulos (1977), Gutelman (1974), Klimovsky (1979), Baptista (1980), Foladori (1984, 34–35; 1985, 96, who, as we have seen, subsequently changed his views) and Mommer (1986). More recently, with a similar focus on questions of dependency and uneven development on a world scale, this stance has been put forward by E. Arceo (2003), Iñigo Carrera (2017) and Anino and Mercatante (2009a). In international scholarship, concerning the simpler determinations of ground-rent, this theoretical position has appeared in the works of Mandel (1971, 280), Economakis (2010) and Fornäs (2013).

In our view, this latter perspective is the one which is consistent with the substantive and methodological foundations of the Marxian critique of political economy. As a matter of fact, it is in line with Marx’s (1991, 799) own argument in his examination of ground-rent, where he characterises this part of surplus value as a ‘false social value’, which ‘results from the law of market value to which agricultural products are subjected’.

The controversy around differential rent II

In his systematic-dialectical exposition of ground-rent as a concrete form of surplus value, Marx identified two types of differential rent. Both emerge as a result of differences in the productivity of labour which, in turn, derive from capital investments in natural environments with diverse material properties, fundamentally fertility or location. Differential rent I simply derive from the varying productivity of labour set into motion by capitals invested on plots of land with distinct degrees of fertility or proximity to consumer markets (Marx 1991, 799ff.). By contrast, albeit predicated on the existence of type I, differential rent II stems from the varying productivity of labour borne by successive capital investments on the same plot of land (812ff.). In both cases, the limit to the extensive or intensive application of capital is reached with the last investment that yields the average rate of profit (i.e. allows the normal valorisation of capital), given the market price for the respective commodity as determined by effective demand. Whilst the determinations of differential rent I have remained relatively uncontroversial among Marxists, those which underlie type II have been subject to contrasting

interpretations, although this diversity of readings has hardly taken the form of an explicit debate.

What could be labelled the 'classic interpretation' of type II differential ground-rent can be traced as far back as the contributions of Kautsky (1988, 71ff.) and Lenin (1977, 116ff.; 1978, 304), and was subsequently continued in the Soviet tradition by Lapidus and Ostrovitianov (1929, 276ff.), and within Trotskyism by Mandel (1971, 276–78), just to name the most popular works. According to this reading, the surplus profits which constitute this form of ground-rent derive from the structure of capital investment in agriculture as a sequence of successive outlays which set into motion varying labour productivities, with those with a greater productivity than that which determines the respective market price yielding an extraordinary mass of social wealth which is pocketed by landowners. In the words of Kautsky (1988, 76), 'production cannot only be increased by bringing land under the plough, but also [...] by advancing a larger amount of capital [...] If this additional capital produces a higher yield when applied to good land than would have been obtained by using it to bring poorer land into cultivation, this additional yield constitutes a new surplus-profit, new ground-rent'.

Towards the end of the 1970s, this classic interpretation of differential rent II became explicitly challenged by two novel approaches, one of which would very soon turn into the new dominant view. The first one was pioneered by Michael Ball (1977), who took issue with the classical reading for relying on a 'marginalist' method for the calculation of the regulating price of agrarian commodities. Instead, he argued, the formation of the price of agrarian commodities must be obtained by means of an average between the different individual conditions of production. The second approach was independently developed around the same time by Guillermo Flichman (1977) and Ben Fine (1979). Insofar as this latter perspective eventually turned into the new hegemonic view, we shall concentrate our discussion on it and cast Ball's contribution aside.¹

Flichman's (1977, 23) angle on the question takes as the basis for this type of rent the differences in the distribution of capital and access to loanable capital among agrarian capitalists due to the 'relative development of capitalism in agriculture'. According to this author, this situation 'allows more advanced capitalists to obtain extraordinary profits [...] which when the renewal of tenancy agreements is due [...] turn into ground-rent'. In a nutshell, in this approach, differential rent II is constituted by the landowners' appropriation of the surplus profits from technical innovation. For its part, Ben Fine's take is much more ambitious in terms of the attempt to remain closer to the theoretical legacy in the Marxian critique of political economy. His starting point is the critique of the classical interpretation for its allegedly neoclassical leanings (Fine 1979, 251). On these grounds, he then develops an interpretation which seeks to reconcile the idea of the regulation of agrarian prices by the 'average market value' with Marx's textual evidence on the impact of successive outlays of capital in agrarian production. His solution consists of an interpretation of the sequential nature of capital investment in agriculture as comprising different individual capitals of varying magnitudes. Thus, he conceives of capitals of a larger scale as consequently able to appropriate a surplus profit, which

eventually turns into ground-rent. In Fine's own words, '[t]he significance for him [Marx] of unequal capitals is their unequal size as a source of productivity increase and surplus-profits' (251).

In our view, this interpretation of differential rent II is rather problematic for various reasons. First, to the extent that those surplus profits are thus conceived as only 'temporary', they negate the very meaning of ground-rent as a specific form of income (Ball 1980, 310). To put it differently, those profits correspond to what must 'genuinely' accrue to the valorisation of normal individual capitals rather than to landowners. Either way, in both Flichman's and Fine's interpretations the shared roots with type I of differential rent get out of sight. Second, in this reading the existence of differential rent II does not constitute a general determination of the distribution of surplus value but hangs on very specific historical conditions. Above all, it hinges on the separation of the personification of capital and landed property in two different individuals, since the extra surplus value would otherwise remain in the form of extraordinary profits for capital instead of being converted into ground-rent. On the other hand, the transformation of this form of surplus profit into ground-rent, albeit abstractly possible, depends on the extent to which it is generated by a technical innovation which becomes materially tied to the soil, so that it must remain there upon termination of the tenancy agreement. Third, as Iñigo Carrera (2017, 139–40) has critically pointed out in relation to Flichman, this conception of differential rent II implies that the average rate of profit which regulates the price of agrarian commodities is not determined by the productive conditions of *normal* agrarian capitals but through an average between the latter's rate of profit and that of *small* agrarian capitals (otherwise normal capitals could not obtain an extraordinary profit). Fourth, far from salvaging the 'concept of market value' from the inconsistencies of neoclassical economics, as Fine would have it, this interpretation deprives the market value of concrete determination, since it is ambiguously seen as determined by both the worst plot of land and the normal capital (Ball 1980, 311). Fifth, insofar as this approach concludes that this type of ground-rent derives from the comparatively larger investments of certain agrarian capitals, it begs the question of 'how it is possible for the same plot of land to have two different rental fees' (Iñigo Carrera 2017, 149). Worse still, this train of thought implies that capitals of a higher degree of concentration, and hence of greater economic power in their antagonistic relationship with landowners, actually pay higher rents than smaller, hence weaker, capitals (149). Lastly, specifically in the case of Fine, the textual evidence that he presents to substantiate the Marxian lineage of his reading is rather weak and taken out of context. As Ball (1980, 310) bluntly puts it, at most Fine's approach 'comes close to one out of fourteen cases considered by Marx'. Conversely, he quite simply ignores the numerous passages which contradict his interpretation.²

Despite all these shortcomings, this problematic interpretation disseminated surprisingly rapidly and widely, to the point of becoming the prevailing one among contemporary Marxists. Within the anglophone scholarship, the main channels for the spread of this approach have been the works by Fine (1979; 2013), Harvey (1982; 2006) and Fine and Saad-Filho (2003). Nowadays, this reading is broadly

accepted and mostly referred to as the only perspective on this type of differential rent (e.g. Campbell 2002; Campling and Havice 2014; Munro 2012; Park 2014; Ramirez 2009; Vlachou 2002). Thus, it is increasingly rare to find works which trace back this position to the pioneering works from which it originated or which, at least, acknowledge that the interpretation of this form of differential ground-rent has been subject to an intellectual dispute (e.g. Haila 1990; Jäger 2003). What is more, this interpretation has been assimilated even by authors who are critical of Marx's theory of ground-rent (Bryan 1990). For its part, Flichman's contribution has had an analogous reception in the Spanish-speaking world. Initially, it was enthusiastically endorsed by a few authors (Kamppeter 1983; Margulis 1979) and critically rejected by others (Klimovsky 1985). But only few years passed before it started to be taken for granted as the only existing interpretation, in some cases with due acknowledgement of Flichman's original contribution (N. Arceo and Rodríguez 2006; Kabat 1999), whilst in others with no reference to its intellectual lineage (Anino and Mercatante 2009b; Astarita 2010; Balsa 2006; Farina 2006; Sartelli et al. 2008).

In opposition to this contemporary neglect of what we have termed the 'classical interpretation', and despite the undeniable room and need for its further theoretical elaboration, we do not think that there are solid substantive grounds for rejecting the fundamentals of that forgotten alternative view. In fact, as we shall argue in the last section, we think that such a stance on differential rent II is on the right track to comprehend various aspects of the intensive application of capital in agriculture from the point of view of the critique of political economy.

Controversies over absolute monopoly rent

Landed property over differential natural conditions is not the only basis for the emergence of ground-rent. In effect, although a certain plot of land may not allow to set into motion a higher productivity of labour, it still remains a limited condition of production and, therefore, that is 'in no way a reason for the landlord to lease out his land to the farmer for nothing' (Marx 1991, 884). Riding on the power granted by their legal ownership of land, landowners can withdraw their 'land from cultivation until economic conditions permit a valorization of it that yields him a surplus' (891) and, on that basis, exact payment of *absolute monopoly rent* for the use of their privately-owned plots of land. This elevates the market price of agrarian commodities over the price of production corresponding to the worst or marginal natural conditions. Three main problematic issues concerning this form of ground-rent can be discerned in the Marxist readings of this phenomenon.

The first one is the confusion between (and/or conflation of) two different forms of rent which originate in the active exercise of the absolute monopoly over access to this fundamental condition of production. On the one hand, there is the absolute monopoly rent which derives from the form taken by the process of formation of the general rate of profit in branches of production in which there are natural conditions that can be subject to exclusionary proprietary rights. In the rest of the branches of the social division of labour, this process entails the elimination of the difference between value and price of production through cross-branch capital

mobility in search of a higher profitability. However, to the extent that in the primary sector landowners can erect barriers to entry for capital, they can capture as ground-rent the surplus profits produced by the existence of values that remain over and above the respective prices of production. Marx (1991, 895) calls this kind of social wealth pocketed by landowners *absolute rent*. A different type of absolute monopoly rent can emerge in circumstances where the sheer activation of the power of private ownership of land manages to raise the market price of agrarian commodities above its value. In this latter case, landowners capture ground-rent purely by virtue of the existence of a 'genuine monopoly price' (898). For this reason, we can refer to this mass of social wealth as *simple monopoly rent*. As should be evident, this kind of rent can also arise in situations where the corresponding price of production is higher than the magnitude of value. In this latter case, simple monopoly rent emerges from the difference between the market price and the price of production.

Most critiques of this Marxian explanation of absolute monopoly ground-rents have called into question the argument on absolute rent by throwing into relief the determination of all absolute monopoly rents by market conditions. Achille Loria's (1895, 492) pioneering critique captures very well the essence of all these objections: 'in any case', this author states, 'absolute rent cannot be constricted to the Procrustean bed of the labour theory of value, but obeys instead the more elastic discipline of monopoly income'. This train of thought reappeared a few years later in Diehl's (1899, 466) contribution, who adds that Marx's account of absolute rent is not only a logically irrelevant explanation but also 'historically and statistically' unverifiable. Along the same lines, Kautsky (1988, 78) objected to Rodbertus that '[i]t is very doubtful whether intensive agriculture could be practised with a lower than average composition of capital', and then further posited that according to Marx absolute rent is solely determined as 'a function of the extent to which the laws of competition still operate within the limits imposed by monopoly' (80). Lastly, mention must be made of Bortkiewicz's (1910, 217) early well-known critique, which quite simply comes down to the admission of his own inability to understand Marx's argument: 'Why should the difference between "value" and "price of production" provide a measure of absolute rent? [...] Why does landed property only reach this precise point?'. Subsequent critiques roughly repeated Bortkiewicz's arguments (Amin 2014, 12ff.; Bartra 1979, 103; Blaug 1985, 286; Emmanuel 1972, 216ff.; Flichman 1977, 34; Margulis 1979, 80; Vergopoulos 1977, 81).

The response by Marxists to these objections essentially revolved around the reassertion of Marx's own distinction between absolute rent and simple monopoly rent. The first author to draw attention to the difference between those two types of rent was probably Harvey (1988, 181–82) in his reply to Emmanuel's (1972, 216ff.) critique. About the same time, an identical line of response to Marx's critics can be found in the works of Clarke and Ginsburg (1976), Fine (1979) and Ball (1980), although, in Fine's case, he considers that the difference between values and prices which lies at the basis of absolute rent is determined by differential rent II. Despite these defences of Marx's original arguments and their explicit acknowledgement of the distinction between absolute rent and simple monopoly rent, a great deal of the more

recent discussion still revolves around the classical objections (Economakis 2003; 2006; Evans 1991; 1999a; 1999b; Sandemose 2006).

The second issue to note concerning the reception of the Marxian exposition of absolute monopoly rent is the virtually total omission of the question of the qualitative and quantitative imbrication of this form of ground-rent and differential rent. The prevailing position is that the magnitude of absolute monopoly rents has no relationship whatsoever with the differences in the natural properties of the soil (Lapidus and Ostrovitianov 1929, 283). This is all the more noteworthy insofar as Marx was quite explicit that although in their simplest determination, absolute monopoly rents correspond to the worst conditions of production, their effects extend differentially to all lands and capital investments. Thus, he states, 'if the price of the product from a unit area of the worst land = $P + r$, all the differential rents rise by corresponding multiples of r , since by our assumption $P + r$ becomes the governing market price' (Marx 1991, 897). In other words, at stake here is a differential appropriation of absolute monopoly rents. Among the few exceptional cases of authors who did throw into relief this phenomenon, mention must be made of Kautsky (1988, 80) and Bartra (1979, 72–73). More recently, Iñigo Carrera (2017, 58–60) brought this determination to light, also adding that if absolute monopoly rents are not an ephemeral effect of short-term conjunctural market circumstances, they tend to turn into differential rents. The reason for this is that the persistence of exceptionally-high market prices as a result of the exercise of the absolute monopoly power of landowners can incentivise production in formerly unutilised lands or intensive disbursement of formerly unprofitable capital investments, which come to be determined as those which regulate the price of production.

This leads us to a final aspect of debates around absolute monopoly rent. Usually, the latter has been treated as resulting from the intentional action of landowners, whereas differential rent is generally depicted as a result of the pure 'automatism' of economic determinations. As a matter of fact, one implication of Fine's (1979, 269–70) response to the classical critique by Bortkiewicz (1910), was to reassert the economic determination of absolute rent, which implicitly left simple monopoly rent deprived of objective determination. However, as Iñigo Carrera (2017, 47–54) observes, the latter can also emerge as a result of a purely 'economic' movement. For instance, that would be the case where the solvent social need for a certain primary commodity outstrips all possible output from available lands and if there were no possibilities for ramping up production through additional capital investment (as would be the case in a sector unconstrained by non-reproducible natural conditions). As we shall see in our discussion of the oil sector in the last section, even when ground-rent emerges from the active exercise of the landowner's absolute monopoly power, this conscious and voluntary action still remains a mediating form of concrete economic determinations.

Further issues in the investigation of the peculiarities of the primary sector: the problem of the 'personification of economic categories'³

Although it does not constitute, properly speaking, a debate or controversy, there is a last relevant issue worthy of discussion: the problem of the 'personification of

economic categories' (Marx 1976, 92) in the primary sector. More specifically, this question refers to the existence of certain social subjects in primary production that cannot be directly and clearly classified as members of neither of the 'three great classes of modern society based on the capitalist mode of production' (Marx 1991, p, 1025), i.e. wage-labourers, capitalists and landowners. In the Marxian tradition, this problem can be traced back to the classic 'Agrarian Question', and particularly to the discussion on 'peasants', which were seen as social subjects that differ from those that should express the full development of the capitalist mode of production (Kautsky 1988; Lenin 1964). In more recent times, following the pioneering work of Gibbon and Neocosmos (1985) and Bernstein (1988), this notion has been progressively left behind. Instead, these authors consider that the peasant must be grasped through the specifically-capitalist category of 'petty commodity producer'. However, rather than systematically unfolding the determinations of the process of capital accumulation that engender petty commodity production, they just point, by way of explanation, to a set of external circumstances, such as 'conditions of access to key resources', the configuration of 'markets', 'nature' and 'government policies', among others (Bernstein 1994, 56). In other words, according to this approach, the limits and potentialities of petty commodity production cannot be immanently derived from the general determinations of the 'laws of movement of capital'.

Yet, we think that it is precisely through the systematic exposition of the general form-determinations of capital that one can shed light on the determinations of social subjects in primary production. As we have argued in previous chapters of this book, in its general determination as self-valorising value, capital is actually a materialised social relation between commodity owners differentiated into social classes, which, in its fully-developed form as the total social capital, becomes inverted into the alienated subject of the unity of the process of social reproduction and its expansion (Postone 1993; Starosta 2016). From this standpoint, every privately-organised productive unit, as a materially integral part of the social division of labour, becomes necessarily subsumed under the movement of formation of the general rate of profit. It follows from this that, whether they have the phenomenal form of an individual capital or not, all productive units become formally determined as if they were one. Hence, the human individuals whose reproduction process is subsumed to that private fragment of social labour, become invested as personifications of capital, labour-power and, eventually, landed property. Seen in this light, the peasant is an individual who is simply characterised by the concentration in their own subjectivity of the personification of those three different and antagonistic social roles (Marx 1988, 556; 1994, 142).

This approach to the social determinations of the peasant reframes the discussion of the characterisation and historical potentialities of the peasantry in relation to the kind of capital they personify and the relation that they have in that capacity with landed property. As already discussed in Chapter 8, it was precisely when considering peasant agricultural production that Marx hinted at the basic elements for a systematic exposition of the specificity of small capitals and their respective form of valorisation. In a nutshell, in those pages, Marx implies that despite its significantly smaller scale, the individual capital which the peasant

personifies can survive competition from normal capitals. This is possible because 'the smallholding peasant's exploitation is not limited by the average profit on capital, in as much as he is a small capitalist; nor by the need for rent, in as much as he is a landowner' (Marx 1991, 941). Therefore, the smallholding's higher costs could be offset by having 'the absolute limit' to its reproduction in 'the wage that he pays himself, after deducting his actual expenses' (941–42). In other words, this absolute limit implies the absence of all profitability as personification of capital and an income which boils down to the peasant's condition as personification of labour. Nevertheless, before reaching this extreme limit, the small agrarian capital does yield positive profitability, which is regulated by the rate of interest on the liquidation value of productive assets. Against this backdrop, the limit selling price which secures the small capital's reproduction could even stand below that of the regulating price of production of normal capitals. Under those circumstances, the peasant's small capital would outcompete normal capitals, with the result that a portion of the surplus labour performed there would be 'presented to society for nothing' (942).

The 'colonisation' of agrarian production by small capitals leads to a particular relationship between capital and landed property. In principle, there should be a tendency for the repulsion and separation between them. The reason for this is that capital invested in the acquisition of land yields the rate of interest only (Marx 1991, 760–61), whilst its valorisation in production yields the average rate of profit, which is, by definition, normally higher (480–82). By contrast, by virtue of the significantly lower-than-average rate which regulates the valorisation of small capitals, they are unaffected by this barrier to land ownership; it is a matter of indifference to them whether to invest additional capital in buying land or in the expansion of the scale of production. Hence the observable empirical tendency in agriculture for a tenancy regime which fuses together capital and landed property.

A formally analogous situation arises in the oil industry, where landed property has been often imbricated with industrial capital. Perhaps the clearest expression of this phenomenon is to be found in the 'oil states' of the Organization of the Petroleum Exporting Countries (OPEC), where nationalisations led to the exploitation of oil reserves by state-owned enterprises. In these countries, nation-states have conjoined the social role of both landowner and capitalist. Nevertheless, as we shall see in more detail later, this joint personification of different 'economic categories' in the oil industry can also be observed in cases where the property of land and of capital is formally differentiated, as in the United States throughout its history and in OPEC countries prior to the nationalisations of the 1970s.

Now, it is clear that in the case of the oil industry, this joint personification of landed property and capital cannot have the same roots as in the agrarian sector, since capital invested in the former is highly concentrated. How can one explain, then, this phenomenon? We think that in this case, the joint personification arises directly from the peculiar material features of the kind of 'land' involved in the extraction of oil. First, the oil industry differs from agriculture by the non-renewable nature of extractive resources in general. This has the self-evident but fundamental implication that upon completion of each production cycle, the land returns to the

landowner in an inevitably deteriorated shape. In the second place, ownership of hydrocarbon deposits can be separated from ownership of land itself. In most oil-producing countries this separation of landed property has a clearly tangible legal expression, since all subsoil resources are considered state property, irrespective of the property relations over the surface. But even in the United States, where the ownership of the surface includes the rights to underground resources, access to oil deposits can be negotiated independently of the use of the land itself (Brown et al. 2016, 24). Lastly, a third peculiarity of extractive industries is that the actual availability of the resource as a means of production requires the previous advance of significant magnitudes of capital in exploration.

The crucial point in this regard is that these characteristic features have historically led to a situation where oil companies have a *de facto* control of reserves, even without being formal owners of oil fields. US oil leases provide a good illustration of this tendency, since in this country the property of the oil fields appears clearly differentiated from industrial capital. In this sense, the key aspect of leases is the ‘held-by-production’ clause. By this provision, the lessee is allowed to extend the duration of the contract beyond the original term, as long as oil is being produced (J. Smith 2018). Therefore, oil-producing capitals become, in practical terms, owners of the oil, since the landowner cannot reclaim the possession of the resource until its depletion (or until extraction becomes unprofitable). In this sense, the formal landowner is restricted to the personification of superficial landed property, and the lessee obtains the factual ownership of the subsoil’s resources.

From the standpoint of the owner of the superficial land, there is actually a sound reason to accept this form of long-term lease that implies a practical transfer of the property over oil to the lessee, that is, to oil capital. In effect, as already mentioned, the landowner of oil fields cannot expect to recover the land in the same original conditions that it had at the time of the lease. In this sense, landowners usually demand an upfront payment (the so-called ‘bonus’) to lease their oil fields, which varies for each lease according to the expected quality and magnitude of the field, in addition to the customary and relatively fixed royalty payments across fields. Actually, the fact that the bonus varies across fields means that it would have to be equal to the ‘present value’ of the future rent to be obtained from the exploitation of the oil field (Davidson 1963, 104; McKie and McDonald 1962, 108). Now, as agreed among the different schools of economic thought, the capitalisation of future rent constitutes the determination of the price of land. In Marx’s (1991, 944) words, this price ‘is nothing but the capitalized and thus anticipated rent’. Thus, if the leases involve an upfront payment that allows the lessee to obtain a future rent from the extraction of oil until the depletion of the field, this means that oil capital has essentially bought the resource, and with it, the right to appropriate the rent.⁴

In sum, although for reasons entirely different than in agriculture, in the oil sector, we also find a strong tendency for the combination of the social roles of landowner and capitalist in the same social subject; in this case, the ‘oil company’. It must be stressed, however, that here we are not focusing on the juridical aspect of the matter, i.e. on the question of the *legal ownership* of the natural resource. Rather, this conclusion applies to the question of the *personification* of the social

role of landowner as the subject with the capacity to appropriate social wealth in the form of ground-rent. We shall return to this in the following section.

Some implications for the analysis of contemporary capitalism

In this last section, we would like to address some implications of themes discussed so far in the chapter which should illustrate their relevance for the comprehension of concrete phenomena of contemporary capitalism.

The controversy over the source of surplus value which constitutes ground-rent is of decisive importance to understand the role of raw material-exporting countries in the world market. In effect, as we shall see in greater detail in Chapter 10, the conclusion that ground-rent is surplus value extracted outside agrarian production implies that raw material exporting countries experience a permanent *inflow* of extraordinary social wealth which originates in the respective consumer countries. In other words, as much as within a national sphere of circulation the exchange of ground-rent-bearing commodities involves a transfer of surplus value produced by the working class as a whole towards the agrarian sector, an analogous process takes place at the level of the world market, albeit from raw material importing countries towards the respective exporters.

This conclusion openly contradicts all explanations of the specificity of the latter type of national process of accumulation based on analyses that posit the existence of a flow of surplus value in an inverse direction, that is, on the existence of an outflow of surplus value towards other countries, more specifically, towards those (mis-)termed ‘developed’, ‘core’ or ‘imperialist’ (for example, Dussel 2001; Emmanuel 1972; Marini 2022). In effect, what would have to be expected in a country toward which there permanently flows an extraordinary mass of social wealth from abroad is a multiplied potential for the development of its national process of capital accumulation. Yet, what these countries normally present is a situation of recurrent crises, a permanently lower productivity of labour, low wages, an unusually large and historically growing surplus population and so on.

Our solution to what might appear at first sight as paradoxical is to examine how the release of surplus value to the raw material-producing countries on the part of global total social capital transforms into its opposite, that is, into the *recovery* of this surplus value. In this sense, we shall argue in Chapter 10 that the specificity of most Latin American national processes of capital accumulation (and actually all South American ones) does not simply consist of being a source of cheap raw materials and means of subsistence for the world market. Specifically, those territories are also determined as sources for the recuperation of ground-rent by the global total social capital. In turn, we shall see that this latter potentiality is realised in a whole series of concrete forms which, given their nature, generate the existence of a specific limit to the expansion of the process of capital accumulation in this type of countries. This is consistent with the conditions of increasing impoverishment normally evident therein.

The implications of the controversy over differential rent II are not as wide-ranging, yet they are far from lacking in relevance. As a matter of fact, the

intensive investment of agrarian capital has been a recurring theme in debates on the nature of the agrarian sector in Latin America, particularly in connection with the apparent limits to capitalist development in those societies (de Janvry 1981; Kay 2010; among others). Thus, in the 1960s most sectoral analyses agreed that the main problem in agrarian production resided in the low intensity of capital investment (CEPAL 1959; CIDA 1965). In turn, many scholars pointed to this phenomenon as the cause of the inability of Latin America to embark on a sustainable developmental trajectory, insofar as the latter hinged on the availability of foreign currency in the central bank which was mostly provided by agrarian exports (Vitelli 1999). By contrast, since the 1980s and especially during the 1990s, a new wave of sectoral analyses emerged which stressed that a substantial transformation in the patterns of agrarian investment had taken place. In this novel scenario, these scholars argued, there was a greater scale and pace of technical innovation in Latin American agriculture (Obschatko et al. 1984; Pucciarelli 1997). The old picture of the 'absentee feudal landlord' (Ferrer 2004; Giberti 1962) was left behind and was replaced with the image of a dynamic 'Schumpeterian entrepreneur' as the eminent social subject of agrarian production (Bisang et al. 2008). However, little light was shed by these literatures on the underlying economic foundations of those seemingly radical mutations of agriculture in Latin America.

The Marxian explanation of differential rent II can certainly contribute to laying bare the main determinations at stake in these recent changes in the configuration and dynamics of the agrarian sector. However, the different readings of the respective sections of *Capital* that we reviewed earlier lead to starkly contrasting views of the determinants of the intensive application of capital in agriculture. According to the currently hegemonic perspective, a low intensity of capital investment must be explained through the power of landowners to appropriate the potential surplus profits which emerge upon a subsequent round of capital investment on the same land. Conversely, a high intensity of capital investment must be accounted for by the possibility that the agrarian capitalist captures those surplus profits. By contrast, according to the classical interpretation, a lower intensity of application of capital obtains when the respective market price of agricultural produce drops to a correspondingly low level, which prevents the last investment of capital from yielding the normal rate of profit. Conversely, a high intensity of capital investment obtains when market prices rise to allow subsequent outlays on the same land to reach normal profitability.

Against the backdrop of our critical discussion of the controversies over differential rent II, it seems to us that it should be evident that the explanation of this recent pattern of greater capital intensity in Latin American agriculture must be searched in the evolution of the price of agrarian commodities. Indeed, this is the argument forcefully put forward by Iñigo Carrera (1999; 2007, 101ff.; 2017, 325ff.), who convincingly shows the link between the fluctuations in the intensity of capital investment in Argentine agriculture and the effects of the mechanisms of recuperation of ground-rent by the global total social capital on the level of domestic agrarian prices. A thorough discussion of this issue exceeds the scope

of this chapter, so we refer readers to Iñigo Carrera's works just cited for a more in-depth treatment of the subject.

The last two controversies reviewed above, i.e. those related to absolute monopoly rent and to the joint personification of the social roles of landowner and capitalist, allow us to address some further ramifications of the particular stance adopted concerning the different determinations of ground-rent that have been at the heart of those Marxist debates. More specifically, these relate to the peculiarity of extractive industries in contrast to the 'classic' agrarian case. In what follows, we shall approach this issue by focusing on the oil industry.

First and foremost, it is apparent the prominence of direct actions in the establishment of prices in the oil sector, in contrast to the more immediate market determination of agrarian prices. Thus, the 'oil crisis' of 1973–1974 placed the nature of the profits derived from the sharp increase in world market prices in those years at the centre of academic disputes. However, in light of our previous discussion of absolute monopoly rent, we think that Marxist analyses of this issue suffer from serious limitations. Indeed, a first position directly denies the very existence of any type of rent beyond differential ones in the oil industry. On the one hand, the possibility for the emergence of absolute rent is ruled out on the grounds that the organic composition of capital in this industry is above average (Bina 2013, 120; Nwoke 1984, 52). However, hardly any evidence is provided to substantiate this point. On the other hand, simple monopoly rent is discarded through the rejection of 'Monopoly Capital' theory (Bina 2013, 41). Now, although in more general terms we concur with the critique of 'Monopoly Capital' theory, its extension into the critique of the notion of 'simple monopoly rent' completely misses the point. For it should be clear that this type of rent has nothing to do with the monopoly over *capital*. Instead, the issue at stake is the monopoly over *scarce and/or non-reproducible natural conditions of production*. This same confusion is also present in other authors who make the opposite case that simple monopoly rents do exist in the oil industry. For instance, Chevalier (1976, 285) states that 'monopoly rents' arise from high 'barriers to entry', which, however, he does not see as generated by *landed property*.

By contrast, Massarrat (1980, 31–32) correctly states that absolute monopoly rents are rooted in the monopoly over land, even though he does not clearly differentiate between absolute rent and simple monopoly rent. However, this author conceives of absolute monopoly rents as only relevant to the worst conditions of production, and thus separates them off from differential rents. In this manner, absolute monopoly rents lose virtually all significance for the analysis of the oil industry. In addition, Massarrat postulates that the worst conditions of production that regulate the market price of oil are actually those of coal production, since he sees both oil and coal as essentially the same 'commodity': energy (34). This also leads to hide absolute monopoly rents further from view in his analysis, since every oil field is rendered better than the marginal conditions of production of 'energy', namely, coal mines. In fact, this same line of reasoning has led Werrebrouk (1979, 126) explicitly to conclude that oil rent is exclusively formed by differential rents.

In a nutshell, the common thread that ties all these Marxist analyses of the oil industry together is the dismissal of the relevance of the absolute monopoly over land in the determination of the magnitude of oil rent, thus neglecting the role of direct and conscious actions as necessary forms of realisation (i.e. mediating concrete forms) for the establishment of oil prices. In this sense, Bina's (2013, 87) conclusion on the role of OPEC in the oil industry is quite telling: 'if tomorrow OPEC closes its doors for good and the members were to depart and go about their business, commensurate with the productivity of their oil, they would earn the same'.

Yet, we think that our approach to absolute monopoly rents allows us to explain the striking significance of direct power relations in the oil industry on the very grounds of the Marxian critique of political economy. Take, for instance, the stage often characterised by the domination of the 'International Petroleum Cartel' over global oil markets (lasting from the late 1920s to the oil crisis of the 1970s). In those decades, a reduced group of seven large North American and European oil companies (the so-called 'Seven Sisters') were able to regulate production through a system of quotas and thus influence oil prices, limiting their downfall tendency despite the continuous incorporation of the more 'productive' oil fields of the Middle East (*vis-à-vis* the formerly predominant US fields). This means that oil firms were restricting production (and therefore limiting the investment of capital) in order to raise oil prices. To put it simply, they were acting as landowners. In this way, the 'International Petroleum Cartel' managed to maintain the profitability of US oil fields (which were the 'worst' lands for oil production), whilst, simultaneously, they multiplied differential oil rents in the Middle East and other oil-producing countries with better than average natural conditions for oil extraction. Thus, in this scenario, even differential rents did not automatically result from 'pure' market forces. Quite the opposite, they arose as a consequence of the active exertion of the absolute monopoly over land that kept the worst oil fields in production. In other words, direct regulation of output on the part of the oil cartel increased total oil rent compared to the level that this rent would have attained otherwise.

Still, it must be stressed that this does not imply the abstract negation of the essentially indirect form of the capitalist social form of regulation of material production. On the contrary, the direct and conscious regulation of prices by the 'International Petroleum Cartel' (and a similar argument could be made about the OPEC after the oil crisis) was a normal concrete form of realisation of the Marxian 'law of value', given the peculiarities of the oil industry and, specifically, the non-renewable character of oil. In effect, oil landowners have a greater capacity to restrict the use of the natural resource that they monopolise *vis-à-vis* agrarian ones. The reason for this is that, unlike the case of agrarian landowners, they can fully or partially withdraw from production the land they own without incurring in an irrecoverable loss of output, which is the material bearer of their ground-rent. To put it differently, the ground-rent which they do not appropriate within the current productive cycle can, *ceteris paribus*, still be captured in the following periods (Iñigo Carrera 2017, 50). On this basis, the direct regulation of production by landowners, although it may initially manifest in the form of the emergence of simple monopoly

rents, ends up turning into differential rent (insofar as it allows the incorporation of lands which, without the mediation of such a conscious and voluntary action, would not even yield the normal rate of profit). This constitutes a good example of the previously discussed imbrication between differential and absolute monopoly rents, and also illustrates how non-economic social forms can mediate the quantitative determination of ground-rent.

The difference between the agrarian and oil sectors ultimately resides in the fact that the latter's absolute limit to the availability of the natural resource *vis-à-vis* the solvent demand for it is expressed in a definite timeframe for the process of depletion. In this sense, the direct action of landowners that mediates the generation of simple monopoly rents is grounded in the economic necessity to regulate current output with regard to both the present and future relationship between available reserves and the demand for them. The *economic content* of the exercise of monopoly power – i.e. the regulation of the rhythm of extraction and of the geographical organisation of production – took *concrete institutional form* through the constitution of a new 'cartel' comprised by oil exporting countries during the 1970s. As Delgado Wise (1999, 26–27) observes, the rise of prices caused by the actions of OPEC largely was an expression of the need to recompose the relationship between output and reserves, which had significantly deteriorated. At the same time, it was also meant to incentivise production in novel areas with higher costs, like Alaska and the North Sea.

This argument about the material determination of the action of the 'International Oil Cartel' evidently links up with our discussion of the joint personification of landed property and capital in the oil industry.⁵ In a nutshell, our argument in this regard is that the 'Seven Sisters' played, besides their obvious role as industrial capitals, the practical personification of landed property. In effect, these firms had secured effective control over the world's best oil reservoirs through the leases obtained in the first decades of the 20th century, despite oil states having remained the legal owners of both the soil and the subsoil (Yergin 2009, 504, 523). This is far from a semantic discussion. Indeed, the point precisely is that it is only because those contracts gave capitalist firms the monopoly *over land* that we can explain their power over oil prices without either resorting to 'Monopoly Capital' theory or, worse still, simply explaining away the oil cartel by deeming all forms of 'price administration' as pre-capitalist traits, as Bina (2006, 8–16; 2013, 91–92) and Masarrat (1980, 40–41) do. The peculiar form taken by their role as joint personifications meant that multinational oil companies (and not the oil states as the formal owners of the lands) were the social subjects whose intentional actions had to mediate the 'social compulsion' to maximise the appropriation of a portion of the surplus profit in the form of oil rent. In this sense, it is suggestive that, when in the 1970s oil states reclaimed full ownership of the land, they did not simply re-negotiate the terms of the leasing contracts. They moved forward to nationalise oil firms, and thus reproduced the joint personification of landed property and oil capital, but now in the novel figure of the state-owned oil company. This seems another strong piece of evidence that the exertion of the monopoly over land in the oil industry tends to be fused together with the personification of industrial capital.

Conclusion

In this chapter, we have offered a critical overview of the main controversies and debates over the determinations of ground-rent which have taken place among Marxists since the publication of Marx's *Capital*. In all cases, we have also advanced our own stance on each of these questions, with a view to articulating a general unified perspective on those diverse phenomena which pertain to the workings of the 'law of value' in those branches of social production in which the labour process is subject to natural conditions which lie beyond the normal control by capital, i.e. without affecting its valorisation at the general rate of profit. After presenting our views on the source of surplus value that constitutes ground-rent, differential rent II, absolute monopoly rents and the question of the joint personification of capital and landed property, we also offered some brief illustrations of their implications and ramifications for concrete empirical research. In this way, we sought to bring to light the significance of the investigation of those more abstract determinations for the critical inquiry into contemporary capitalism.

Notes

- 1 For an extensive and detailed discussion of Ball's approach, see Caligaris and Pérez Trento (2017).
- 2 See Starosta and Caligaris (2017, 336–38).
- 3 The following section draws partly on Caligaris et al. (2022).
- 4 The fact that the upfront bonus is complemented by a royalty payment appears to be explained by the uncertain results of the exploration phase, since this arrangement allows landowners and capitalists to share the risks involved (Davidson 1963, 104).
- 5 For reasons of space, we could not include the agricultural sector in this discussion. See, however, Caligaris et al. (2022).

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10 The specificity of capital accumulation in Latin America

A critique of dependency theory

Introduction

In his overview of theories of imperialism, unequal exchange and dependency, Dussel (2001, 205–14) perceptively notes that most Latin American attempts to account for the phenomenon of global uneven development and its specific manifestation in this part of the globe, whether debates on the mode of production prevailing in (or since) colonial times (Assadourian et al. 1973; Gunder Frank 1969; Laclau 1971) or sociological critiques of mainstream development theories (Bambirra 1978; Cardoso and Faletto 1979; Dos Santos 1978), have ultimately failed to go beyond explanations that focus on the historical genesis of the ‘*differentia specifica*’ of the region. Or, at most, they simply provide descriptions of the outward ‘empirical appearances’ of the mechanisms that reproduce the limited potentialities of capitalist development in these countries, without inquiring into its *fundamental determinants*. In other words, Dussel’s (2001, 211) argument goes, those approaches choose to follow a ‘phenomenal road’ in which ‘not a single one of the essential categories of Marx’s critical political economic discourse is used’. By contrast, he claims, the critical-scientific explanation of the qualitative specificity of Latin American societies must be based on a methodologically rigorous systematic development of the form-determinations that shape the unfolding of the law of value on a global scale (209).

Among the few notable exceptions that do follow this latter road, Dussel mentions Ruy Mauro Marini’s (2022) pioneering and influential *Dialectics of Dependency*, based on the essentiality of ‘super-exploitation’ of labour as the distinguishing mark of Latin American national societies, and Kalmanovitz’s (1983) critique of dependency theory. Moreover, in *Towards an Unknown Marx* Dussel (2001, 207–9) himself puts forward his own idiosyncratic take on unequal exchange based on differences in the organic compositions of capital in the ‘centre’ and ‘periphery’ (an approach that he traces back to non-Latin American scholars such as Grossmann, Battleheim and Palloix). Indeed, it seems fair to conclude that Marini’s and Dussel’s works probably are not only two of the most widespread Marxist approaches to dependency theory but also, without a doubt, the most sophisticated and rigorous theoretical perspectives when it comes to the attempt

to marry that Latin American intellectual tradition and the Marxian critique of political economy.

The purpose of this chapter is thus critically to examine both Marini's and Dussel's approaches to the study of the social determinations and developmental potentialities of Latin American societies. We argue that there are two main weaknesses in all versions of dependency theory, which these Marxist reformulations fail to overcome, and which underlie their inability to offer a critical understanding of the fundamental determinations of uneven development on a world scale and its particular expressions in Latin America. In the first place, despite their self-conscious effort to transcend the 'methodological nationalism' characterising mainstream development studies, they nonetheless fail firmly to ground the constitution of national or regional specificities in the essentially global dynamics of the capital accumulation process. Secondly, and relatedly, they more or less explicitly end up conceiving of political forms of capitalist social relations, i.e. class struggle and/or the state (and its policies) as somehow autonomous from the (alienated) economic content of this historically-specific mode of existence of the human life process: the self-movement of valorisation of value. In brief, dependency theory is unable to uncover the inner connection between what outwardly appear as two sets of differentiated aspects of capitalist production which, constitute, respectively, their content and necessary mode of existence: the economic and the political, and the global and the national. By contrast, we shall submit that the key question resides in comprehending that the production of surplus value is an attribute of the *global total social capital*, whose *immanent unity or content* obtains at the level of the *world market*, but which becomes *self-differentiated* into qualitatively specific *national forms* that constitute individual organs of the international division of labour of uneven developmental potentialities.

Ruy Mauro Marini's and Enrique Dussel's attempts to marry dependency theory and the Marxian critique of political economy¹

Ruy Mauro Marini's dialectics of dependency

Ruy Mauro Marini is probably the most influential author from the Marxist dependency theory tradition. His contribution stands out for making *super-exploitation* (hereafter SE), the fundamental or essential determination that marks the specificity of so-called 'dependent economies'. This feature, his argument goes, crystallises primarily as a *nationally-embedded* method of production of surplus value, which emerges as an 'adaptation mechanism' through which peripheral economies react to the outflows of surplus value that result from the 'unequal exchange' relations that they establish in international circulation with advanced capitalist countries (Marini 1978, 62ff.; 2022, 130ff.). In turn, this inequality in the world market results from the fact that certain countries (from the so-called 'centre' in dependency theory's jargon) produce certain commodities which others (from the so-called 'periphery') are unable to produce. Alternatively, the unequal exchange is also said to result from the centre's relatively higher productivity of

labour for the same commodities, which leads to them reaping surplus profits (Marini 2022, 127–28). Either way, these conditions allow industrial countries to ‘evade the law of value’, that is, to sell ‘their products at higher prices than their value’, thus forcing ‘disadvantaged nations’ to ‘cede part of the value they produce’ (128).

The necessity of SE develops as a ‘compensatory mechanism’ in the face of these ‘value transfers’ (Marini 2022, 128).² Whether through the increase in the intensity of labour or the extension of the working day, the mass of value produced by workers goes up and, under the assumption of a given wage, so do the mass and rate of surplus value. A similar effect obtains by means of a sheer cut of the real wage, which also increases the amount of surplus value, albeit without augmenting the total mass of value produced. In all cases, and regardless of the concrete ways in which these different forms of SE become articulated, they involve the payment of labour-power below its value, whether by virtue of the curtailment of the consumption of use-values which are necessary for the *normal* reproduction of the ability to work of wage-labourers, or due to an abnormal daily expenditure of labour-power leading to its premature exhaustion (132). In Marini’s own words, SE essentially comprises the increase in surplus value through the conversion of ‘part of the wage fund into the fund for capital accumulation’ (161). Thus, this modality of surplus value extraction becomes the primordial determination of the specific form assumed by capitalist development in Latin America, insofar as ‘the three mechanisms identified – the intensification of work, the extension of the working day, and the expropriation of part of the labour necessary for the worker to replenish his labor power – give rise to a mode of production based exclusively on the greater exploitation of the worker, and not on the development of his productive capacity’ (131).³

Now, this configuration of the ‘mode of production’ engenders its specific ‘mode of circulation’. More concretely, the SE of labour-power tends to generate a disproportion between domestic production and consumption. To begin with, SE tends to reduce the wage-workers’ consumption, whether in absolute terms or in relation to total output. In this sense, Marini submits that in dependent economies the wage primordially acts as determinant of the rate of surplus value rather than as a source of solvent demand, as contrastingly happens, allegedly, in central economies. Domestic demand thereby depends to a larger extent on the amount of surplus value, which is specifically augmented by virtue of the existence of SE. However, a portion of surplus value escapes domestic accumulation and flows abroad via unequal exchange (especially during the so-called ‘agro-export’ stage), or through other forms of international value transfer which emerge and consolidate in later phases of capitalist development (such as profit remission and royalty payments).

Moreover, Marini points out that this exacerbated dependence on surplus value as a source for the realisation of the value of domestic output is further compounded by the relatively small share of domestic manufacturing in the overall supply of means of production, which implies that most of the surplus value spent within peripheral countries takes the form of revenue instead of being devoted to accumulation. This generates a peculiar structure of domestic consumption concentrated in

'luxury goods', which were initially provisioned by means of imports until the relative breakdown of foreign trade with the eruption of the 1930 crisis, and thereafter increasingly through domestic production as the subsequent turn to Import Substitution Industrialisation (ISI) gathered pace in Latin America. Thus, on the one hand, the size of domestic demand becomes specifically restricted by the dominantly export-oriented nature of local production and the drain of surplus value resulting from 'unequal exchange'; on the other, its composition becomes split into two clearly and strictly delimited spheres: a 'lower' segment corresponding to the individual or personal consumption of the working class, which is particularly limited by virtue of the existence of SE, and a thereby expanded 'higher' segment which relies on non-accumulated surplus value.

According to Marini, insofar as the relatively limited development of relative surplus value production still prevails in peripheral countries, this peculiar structure of the circulation of capital cannot but further bolster the tendency to increase the appropriation of surplus value by means of the SE of the working class which, in turn, leads to the continuous reproduction of their dependent status. Moreover, this necessitates permanent additions to the supply labour-power to sustain the SE of workers without undermining the reproduction of capital, which would otherwise risk clashing against a lack of 'human exploitable material' with the productive attributes demanded by the accumulation process itself. The 'circuit of dependent capital', Marini concludes, thereby consists of a peculiarly 'deformed' articulation between production and circulation. And he stresses that this unity between the two phases of the cycle of capital differs from the allegedly 'normal' and 'virtuous' combination prevailing in central countries, where working-class consumption acts as a vigorous source of effective demand for the realisation of capitalised surplus value.

Thus, as Barreda Marín submits in his meticulous reconstruction of both Marini's works and the subsequent debates to which it gave rise, if colonial forms of integration of Latin American countries into the world market and unequal exchange constitute the 'historical and functional determinants which lead to the *necessity* of SE', the large pool of latent relative surplus populations inherited from pre-capitalist societies, migratory flows and the 'dislocated' structure of the circuit of dependent capital, constitute the 'condition of possibility for the functioning of SE' (Barreda Marín 1994, 202), i.e. the *ossification* of capital's *generic* voracious appetite for the increase in the rate and mass of surplus value through SE, into a *specific* 'structural' trait of peripheral countries.⁴

Unequal exchange as the essential ground of Latin America's dependency in Dussel's 'Towards an unknown Marx'

Marini's consideration of SE as the *essential determination or ground* of dependency has been called into question by Enrique Dussel, the other author who stands out for his effort at developing dependency theory based on the categorical framework and dialectical method of the Marxian critique of political economy. Without denying the reality of SE as an 'empirically-existing' phenomenon in the

periphery of the capitalist world-system, Dussel (2001, 212) points out that Marini 'errs when he confuses a "compensation mechanism" [...] with an essential determinant'. By contrast, Dussel argues, 'Marx would have expressed the essential and fundamental simply: Dependency consists of the transfer of surplus value from a less-developed total national capital to a more developed one' (214). In other words, only because of the existence of such international transfer of surplus value, does SE eventually arise as 'a secondary, derivative mechanism' to compensate for the essence of the transfer, which resides in unequal exchange (205).

Now, Dussel is very emphatic that the phenomenon of dependency does not abstractly negate that of competition but, to the contrary, develops it. In this sense, he explicitly postulates that 'dependency is a moment in the competition of capital' (Dussel 2001, 214). Moreover, he adds that competition belongs in the sphere of circulation. For that reason, no surplus value can be generated through competition; the latter can only distribute the value which has been created in production. In effect, through the mediation of competition, the values of commodities take the concrete form of prices of production (which can be higher or lower than the former). In this manner, i.e. through the consequent formation of the general rate of profit, individual capitals with a higher organic composition appropriate part of the surplus value which has been extracted from wage-labourers by capitals from branches of social production with a lower organic composition. But insofar as this process takes place on the world market among 'total national capitals of different levels of development (i.e. of different organic composition and with different average national wages)' (225), it turns out that dependent countries prove to be those in which individual capitals, on average, tend to operate with a lower organic composition, thereby suffering a drain of surplus value into the pockets of 'dominant countries'. On these grounds, Dussel infers that the transfer of surplus value from a less developed to a more advanced total national capital implies that the latter valorises at the expense of the former (217–19). This essentially unequal exchange on the world market constitutes the fundamental basis of dependency.

Nevertheless, Dussel agrees that there are other secondary or derivative modalities of the transfer of surplus value. For instance, this is the case if 'the more developed country, as the only buyer, sets the "international monopoly price" of the product (coffee, for example) at less than the value of the commodity' (Dussel 2001, 228). Also, it could happen that capitals from more developed countries establish a monopoly over the supply of a particular commodity which is not produced in the periphery, which allows them to fix a market price above the respective price of production (as generally happens, according to Dussel, in the case of means of production) (229). Another secondary mechanism for the perpetuation of dependency occurs when individual capitals from more developed countries – i.e. Transnational Corporations (TNCs) – settle in peripheral countries to cater for the domestic market. Insofar as they set into motion a higher productivity of labour than local individual capitals from the periphery, they manage to sell their commodities at lower prices than the corresponding ('national') value or price of production in the respective branch, thereby capturing extraordinary profits that they remit to their central country of origin (230–31). Finally, building

on the contributions by Emmanuel and Amin, Dussel mentions a variation of this latter mechanism which takes advantage of national borders through their impact on international differences in wage levels (231). When TNCs produce in the periphery to export their output to central countries, they pocket a surplus profit derived from a lower disbursement of variable capital *vis-à-vis* individual capitals that produce in their respective countries of origin. In a nutshell, through all these arguments, Dussel wants to throw into relief the primordial character of national borders as mediations for the transfer of surplus value. Whether through differences in the average organic composition of capital or wage levels, the demarcation of national spaces of accumulation act as a *fundamental barrier* to the fluidity of the self-movement of capital (224). On these grounds, Dussel concludes, a diversity of *national markets* crystallises which sustains the ‘international *social relation of domination*’ (224).

Still, Dussel is at pains to avoid lapsing into a ‘methodological nationalism’ which takes the unity of the world market as the outcome of the external interaction among constitutively autonomous national spheres of accumulation. In this sense, he maintains that from the point of view of the worldwide unity of the process of capital accumulation, the dependency in competition between a peripheral total national capital and a more developed one as part of the world market, is internal or constitutive of each of the asymmetric poles in the relationship (Dussel 2001, 217). Hence, for Dussel there is ‘autonomy’ of the total national capital within the total *world capital*; however, it is not ‘absolute’ but ‘relative’ (218).

On the other hand, Dussel indicates that the relationship of international subordination involved in the concept of dependency does not eliminate the exploitative social nexus between the bourgeoisie and the working class. On the contrary, he stresses that (unequal) international competition is the mediating form which resolves the share of each total national capital in the whole of the surplus value extracted by capitalists from workers across the globe. He thus makes the further point that, unlike the capital-labour relation that produces surplus value, it is not a ‘vertical’ exploitative relationship between social classes but a ‘horizontal’ one (Dussel 2001, 221). Yet, he stresses that it is crucial not to lose sight that the relation of dependency remains a social tie of ‘international domination’, namely: that ‘of one capital over another in competition, which produces a transfer of surplus value from the weaker capital toward the stronger’ (221). This is the reason why ‘competition between total national capitals of different levels of development does not happen naturally with equal willingness on both sides’ (221). Rather, the less-developed capital ‘is coerced [...] to *enter international competition*’ (222). Without this moment of coercion, the less-developed total national capital would ‘naturally’ tend to ‘protect itself by refusing competition, fortifying its borders, and establishing a “nationalist” *national monopoly* (within which there may be intra-national competition)’ (222).

The weaknesses of Marxist dependency theory

One of the central elements of the ECLAC (Economic Commission for Latin America and the Caribbean) tradition that sedimented as ‘received wisdom’ of

dependency theory was the notion of ‘declining terms of trade’. In this sense, in *Dialectics of Dependency* Marini (2022, 125) explicitly maintains that it is a ‘well-known fact that the increase in the world supply of food and raw materials has been accompanied by a decline in the prices of these products, relative to the price of manufactured goods’. Additionally, Marini continues, ‘it is clear that such a depreciation cannot correspond to the real depreciation of these goods, due to an increased productivity in the non-industrial countries, since it is precisely there that productivity rises most slowly’ (125). However, as Iñigo Carrera (2018, 47) perceptively notes, like his ECLAC predecessors Prebisch and Singer, Marini does not offer any shred of statistical evidence on the alleged evolution of the productivity of labour in primary commodities-producing countries *vis-à-vis* so-called industrial ones. Instead, he simply takes it for granted as an indisputable phenomenon, which would only need to be re-signified and explained within the categorial frame of the critique of political economy, in order to incorporate it as a constitutive element of the Marxist version of dependency theory.

But matters are not as straightforward and self-evident as Marini postulates. In fact, in a recent article, Iñigo Carrera presents an empirical estimate of the respective evolution of the productivity of labour in agriculture and manufacturing in the US. It must be borne in mind that this is one of the largest national spaces of accumulation, which does not erect any specific barriers to the increase in the productivity of agricultural labour and which, in addition, is one of the world’s greatest exporters of agricultural commodities (Iñigo Carrera 2018, 48–49). In opposition to the ‘conventional wisdom’ on the ‘declining terms of trade’ uncritically endorsed by Marini, Iñigo Carrera shows that, although relative prices of agricultural commodities have certainly dropped around 60% *vis-à-vis* those of industrial commodities, ‘the productivity of agricultural labour in the US has been continuously growing faster than in manufacturing. Whilst the former multiplied by 35 between 1910–19 and 2000–09, the latter has done so only by 12’ (48–49). Hence, when the estimate of the evolution of relative prices between agricultural and manufacturing commodities factors in the movements of the respective productivity of labour, Iñigo Carrera observes that ‘net’ or ‘adjusted’ terms of trade turn persistently favourable to agricultural commodities. In effect, after an initial phase of decline between 1910 and 1930, the trend thereafter reverses direction and the ‘net terms of trade’ of agricultural commodities start to grow. Already in 1970, they had risen above the base year of the historical series, they subsequently peaked during the 1980s and then slightly fell but still remained above the base year ever since (50–51).

Several points crop up in light of these estimates. First, and in opposition to the beliefs of ‘dependentistas’, the evolution of net terms of trade shows that there has been a continuous *inflow* of extraordinary social wealth into countries which mostly specialise in the export of raw materials and staple foods to the world market. This international flow of value begs the question of why, despite this influx of extraordinary social wealth, those countries tend to lag behind in the capitalistic development of the productive powers of social labour. As we shall see, the answer to this question needs to lay bare the *specific social form* that constitutes this international movement of social wealth, namely: ground-rent. In this respect, it is striking the

virtual absence of any significant discussion of the role or ground-rent in the social constitution of the specific modality and potentialities of capital accumulation in Latin America within the ‘dependentista’ literature, especially considering the importance given by this approach itself to the specialisation in primary production as determinant of the limited potentialities of accumulation in the periphery. And it is even more striking when one bears in mind that the question of ground-rent and its role in Latin America had cropped up in the controversies within dependency theory towards the end of the 1960s.⁵

We shall come back to the role of ground-rent in the determination of the specificity of capitalist development in Latin America in a later section. For the moment, suffice it to say that the mere existence of an inflow of ground-rent in countries specialised in the export of raw materials and staple foods to the world market allows us to call into question another key notion of the dependency tradition, namely: the idea of ‘unequal exchange’. In effect, even if we momentarily set aside *differential* ground-rent and only consider *absolute* and *simple monopoly* rents (which are particularly relevant in mining and hydrocarbons production), this suffices to throw into relief aspects of the determination of the international price of primary commodities which, at the very least, should lead us to qualify any possible systematic drain of surplus value through other determinations of international trade that Latin American countries might experience (Iñigo Carrera 2013, 169–70), whether those derived from ‘industrial’ countries’ alleged ability to ‘evade the law of value’ on a world scale through the establishment of monopoly prices for their products (Marini), or those which stem from the higher average organic composition of the ‘more developed total national capitals’ (Dussel). Thus, insofar as there is capitalist landed property, the market price of agrarian (and mining) commodities will necessarily tend to stand above the corresponding price of production or even above its value. And this will partially or completely counteract (if not simply reverse) any other possible drain of social wealth that could be mutilating the potentialities of the national processes of capital accumulation in Latin America.

But the existence of ground-rent is not the only peculiarity of social production in the primary sector which calls into question the notion of unequal exchange. First and foremost, with particular relevance for agrarian production, dependency theory’s unilateral focus on the effects of the organic composition of capital in the determination of prices of production overlooks the evidently slow capital turnover time in productions which are subject to biological processes currently uncontrollable by human labour. Secondly, even narrowing down the focus to the organic composition of capital, an impressionistic look suffices to cast doubts on the alleged low incidence of constant capital in mining and, even more so, in hydrocarbons production (which are the key export sectors in many Latin American countries like Chile, Bolivia, Perú, Ecuador and Venezuela). And even in the case of agrarian production, although the assumption of a relatively low organic composition might have been sensible in Marx’s times, contemporary evidence suggests that such an assumption might be in need of reconsideration. Turning again to the above-cited text by Iñigo Carrera (2018, 66), he observes for the USA that if we take the value of fixed capital disbursed in machinery and buildings and add the

amount of circulating capital in inventories, 'the composition of agrarian capital is significantly higher than that of the manufacturing sector from 1925 until 2009, which is the last year of the series under analysis'.

Having raised some initial objections to the two general notions which structure the dependency tradition as a whole, let us now examine more closely the idiosyncrasies of the respective approaches of Marini and Dussel through which they attempt to articulate dependency theory and the Marxian critique of political economy. Marini's fundamental argument about Latin American 'dependent' economies is that their specificity resides in the relative cheapness of labour-power, a phenomenon which he encapsulates in the notion of SE. A first reservation against this view is that had capital found in Latin America a pool of sufficiently cheap and disciplined labour-power, it would have tapped into that reservoir of 'exploitable human material' to undertake world market-oriented manufacturing production. As we shall see in the following section, that is indeed what lay at the basis of the rapid 'late industrialisation' process in East Asia from around the late 1950s or early 1960s onwards. Yet, in Latin American economies, by contrast, world market-oriented production continued (and in South America continues to this day) amply dominated by raw materials and staple foods, whilst the industrialisation process has been (and in South America continues to be) overwhelmingly dominated by an inward-looking orientation to highly protected domestic markets of a specifically restricted size (or, in more recent times, to highly protected regional markets like MERCOSUR).

The other central idea of Marini's does not pertain to the specific 'mode of production' (i.e. SE) but to its corresponding 'mode of circulation', which takes shape in the particular form assumed by the 'cycle of dependent capital'. Analogously to his stance on the 'declining terms of trade', here Marini takes at face value the claims of Latin American development economics (especially the heterodox structuralist views of scholars like Celso Furtado) and simply attempts to incorporate them in the 'categorical frame' of the critique of political economy. The problem is that many of those claims have a questionable empirical basis. As Astarita (2010, 56–57) comments in this regard, 'it is not true that in Latin America consumer durables producing industries were condemned to a limited effective demand comprised of only five or ten percent of the population'. On the contrary, in countries like Argentina, Brazil, Uruguay and Chile a significant part of the working class incorporated those kinds of commodities in their normal conditions of reproduction.

On the other hand, and more importantly, in presenting the expansion of mass consumption as the condition for the realisation of surplus value, that eminently Keynesian train of thought inverts the determination of the value of labour-power and, more generally, the very content of the process of human metabolism subsumed under the capital-form. The alienated finality of capitalist production is not the satisfaction of human needs for use-values, i.e. the reproduction of human life, but the valorisation of capital. The value of labour-power and, therefore, the magnitude and qualitative material composition of the 'consumption basket' of the working class, is thus determined by the mass of commodities which

are necessary for the *normal* reproduction of the materiality of all the productive attributes (both technical and 'moral') which must be set into motion to *produce* surplus value for capital.⁶ By contrast, in a clearly *underconsumptionist* fashion, Marini's notion that the 'normal' or 'non-deformed' circuit of capital that allegedly obtains in 'industrial countries', requires a sufficiently high wage level to absorb certain commodities (regardless of those which are strictly required to reproduce labour-power in the material conditions demanded by the changing modalities of the real subsumption of labour under capital), presents working-class consumption in an inverted manner, as determined by the necessity to *realise* surplus value in circulation.⁷

Let us now turn to examine Enrique Dussel's approach, which explains the situation of 'dependency' as the outcome of 'transfers of surplus value' that take place through international exchange between total national capitals of different degrees of development, as expressed in the different levels of average organic composition of the individual capitals that operate in each type of national space of accumulation.⁸ The first point to make against this view is that the representation of this social process as involving 'unequal exchange', i.e. with what is an eminently *normatively* charged label, involves taking the *necessary form* assumed by the norm which regulates the material unity of the capitalist mode of production, as if it were the abstract 'violation' of what is deemed 'ethically' normal (Iñigo Carrera 2017, 211). Thus, Dussel's 'horror and abomination' in the face of the alleged 'inequality' in the relations established by the individual organs of the global total social capital, implicitly considers that the equivalence which *should immediately govern* the exchange of commodities involves equal *quantities of value* and not of *valorised value*. In other words, the implication of Dussel's approach is that commodities should exchange as simple products of labour and not as products of labour subsumed under capital. As Iñigo Carrera eloquently puts it:

As simple products of labour, the equivalence in commodity exchange corresponds to their condition as identical materialisations of privately-undertaken socially necessary abstract labour, i.e. to their conditions as values. But commodities [...] are the products of capital. As such, their equivalence in exchange does not correspond to their abstract condition as equal values, but to their concrete condition as equally valorised values. From the viewpoint of the organization of social production and consumption in the capitalist mode of production, exchange at prices of production determined as the concrete form of value is the real egalitarian exchange.

(Iñigo Carrera 2017, 211–12)

It follows from this that the fact that a national space of accumulation experiences an outflow of surplus value through international trade by virtue of the average organic composition of capital prevailing within its territory (in turn an expression of the sectoral composition of the productive structure), *does not entail any hindrance to its valorisation capacity*. In effect, the individual capitals that

comprise that total national capital yield, on average, the *uniform general rate of profit* as any other capital across the world market. Put differently, the cession in circulation of a portion of the surplus value extracted from the domestic working class, which is directly exploited by a determinate 'collective capitalist' which operates in a certain national sphere, does not mutilate their respective accumulation capacity. Rather, it is the necessary form in which they affirm themselves as solidaristic undifferentiated organs of the *global* total social capital. In this sense, it is quite simply not possible to explain the constitution of national spaces of accumulation with different qualitative modalities and potentialities, based on an attribute which pertains to the simplest determination of the formation of the general rate of profit through the transformation of values into prices of production.

The accumulation of capital on a world scale, the international division of labour and the hierarchical stratification of the interstate system: general foundations of uneven development

Against the backdrop of our critical assessment of the two most sophisticated approaches to the Marxist dependency theory, we can infer a first general conclusion about a shared limitation in their respective accounts of the specifically-limited potentialities and contradictory dynamics of Latin American societies. In a nutshell, these theories fail to elucidate the *immanent* connection between the *essentially global content* of capitalist social relations and the *differentiated national forms* in and through which such social unity is established on a world scale. More concretely, they stop short at the apparent externality in which the inner nexus between global content and national form of the capital accumulation process manifests itself.

In the case of Marini, such externality is expressed in his representation of the specificity of capital accumulation in Latin America as residing in a particular, *nationally-embedded* method of production of surplus value based on the SE of labour, which in turn emerges as an 'adaptation mechanism' through which dependent economies react to the outflows of surplus value that result from the 'unequal exchange' relations that they establish in international circulation with advanced capitalist countries. In other words, for Marini, the production of surplus value is an attribute of each 'national total social capital', with its specificity determined by the *dominant* (i.e. essential but not necessarily exclusive) mechanism of exploitation of the working class. Latin American 'total social capitals' develop their own nationally-based methods of production of surplus value (SE) as a 'functionally-determined' consequence of the methods originally developed in advanced countries (technical progress).

Dussel, for his part, posits the national specificity of 'peripheral societies' as the emergent outcome of the unfolding of a single 'law of value' on a world scale. In turn, the latter is seen as the unitary immanent content which takes concrete form in the sphere of international competition through the unequal exchange between national total social capitals of diverse degrees of development. However, this initially-posed essential global unity is later torn asunder, as he eventually

postulates a residual element of 'relative autonomy of the national-form', from which 'dependent countries' are coercively forced out by 'developed countries' in order to compel them to enter into relations of international competition. On this basis, Dussel then ends up representing the action of the state in 'dominated countries' as capable of abstractly negating the 'objective compulsion' of competitive relations on the world market (whether partially and temporarily in the case of 'populist' political regimes, or with full potentiality in the case of revolutionary movements of 'national liberation').

By contrast, we think that a sound comprehension of the patterns of national differentiation that structure the specificity of Latin American societies must part company with the notion of 'autonomy' implicit in both versions of the Marxist dependency theory that we just reviewed. As we shall see below, the key question resides in explaining why and how the immanently global unity of capital accumulation (the content) becomes self-differentiated into national spaces of valorisation of qualitatively varied modalities and potentialities (the form), as it *subsumes* under its movement of formally boundless self-expansion the materially diverse determinations of different territories and human productive forces across the globe, thereby engendering historically-changing constellations of the international division of labour.

As we have seen in the first two chapters, the historical specificity of capitalist production derives from the private and independent form taken by social labour. Social relations thus take the alienated form of powers of the product of labour, and human beings become determined as personifications of those objectified forms of social mediation. This indirect form in which the unity of social labour is established is fully-developed when it becomes capital. In this more concrete form as self-valorising value, the materialised social relation does not simply formally mediate the material life process of human beings, but actually becomes inverted into the very alienated subject of the process of social reproduction and its expansion *in its unity*: the material metabolism of society takes the inverted form of the accumulation of the *total social capital* (Marx 1976, 763).

In the process of renewal of the conditions for its self-valorisation, the total social capital produces and reproduces commodity owners as members of antagonistic social classes (Marx 1976, 723–24; 1992a, 185). In its simplest determination, the class struggle is thus the most general direct social relation between collective personifications of commodities (thereby distinguished as a political form of social relations), which mediates the reproduction of the indirect relations of capitalist production through the generalised commodity-form (hence determined as the economic form of social relations) (Kicillof and Starosta 2007; Starosta 2016a, 216ff.). Although it is a necessary form taken by the reproduction of the total social capital, the antagonistic character of the class relation disrupts the fluidity of the former's valorisation. The establishment of the general unity of social labour must, therefore, take shape through a further objectified form of social mediation, the state, which in bourgeois society confronts commodity owners (the personifications of money-as-capital and of the commodity labour-power), as an apparently external power with the authority and capacity to establish the

overall direct regulation of their antagonistic social relations (Iñigo Carrera 2013, 91ff.). The state thus develops as the most concrete political form that embodies the direct organisation of the unity of the conditions of social reproduction in its alienated capital-form. That is, the state is the concrete form of essentially indirect social relations through the valorisation of capital. By virtue of this content, the state becomes the *general political representative of the total social capital*. In brief, capitalist social relations exist as differentiated into economic forms (the autonomised movement of capital commodities on the market) and political forms (class struggle and the state). The latter, far from enjoying ‘autonomy’ (relative or otherwise), are the necessary mode of realisation of the contradictory content of the economic mode of existence of capitalist social relations. In other words, class struggle and state policies are not to be conceived of as independent, self-subsisting factors that externally modify or influence the workings of the law of value. Instead, they need to be grasped as necessary modes of motion through which the law of value further unfolds beyond the strictly economic forms immediately springing from the indirect nature of the social relations of capitalist production.

Now, as argued in Caligaris (2016), the plan that Marx had outlined for the exposition of the critique of political economy culminated, at least in his most ambitious versions, with a book on the ‘World Market’ (Marx 1973, 108; 1983, 270; 1987, 261; 1991, 205). Thus, from an early stage, Marx considered capitalism to be a universal mode of production and, consequently, of an *essentially* global character (Marx and Engels 1975, 49; Marx 1992b, 340–41). This immanently global nature of capital does not simply boil down to the immediately observable fact that national markets are connected through foreign trade and investment flows, but means that the *world market* constitutes the ‘vital or metabolic environment’ for the process of capital accumulation. In other words, the world market is for Marx the only place where the total social capital fully affirms itself as the alienated subject of social production.

Thus, although in its *historical genesis*, the formation of the world market has been the outcome of the confluence of a multiplicity of national processes of capital accumulation (which happened during the phase of the so-called ‘primitive accumulation’), once this stage of its becoming achieved completion, the relationship between the global and the national dimensions of capitalist society experienced an inversion: the worldwide unity of the process of accumulation turned into the very general social process whose self-movement is realised through its differentiation into territorially or jurisdictionally demarcated spaces of valorisation in mutual competition (Iñigo Carrera 2013, 57ff.). In other words, the unity of the global total social capital becomes self-differentiated into the circulation processes of distinct national total social capitals. In this way, the competition between individual capitals becomes politically mediated by the direct relations that are established between distinct national states – that is, their ‘international relations’ (Caligaris 2016, 58). The formation of the uniform world market rate of profit thus takes concrete shape through diverse and historically-changing geopolitical forms. However, this does not change the fact that the immanent content of both international economic relations between individual capitals and international political

relations between national states remains the accumulation of the total social capital on a global scale, as the immanent content of the world market (Smith 2006, 193). Geopolitical competition in the 'interstate system' is thus but a further mediated form in which, through their political representation by their respective states, the 'multiplicity' of national total social capitals also asserts their unity as aliquot parts of the global total social capital, i.e. as 'hostile brothers' that partake in the collective exploitation of the international working class. In brief, as an expression of its inherently self-expansive nature, this fetishised social relation is global in *content* and national only in *form* (Clarke 2001).

It follows from this that the *essential determination* of the global dynamics that structure the world market is not one of 'imperialism', understood as a set of asymmetrical or hierarchical *direct political relations* of subordination between 'countries' that structure the interstate system.⁹ As perceptively noted by the scholars from the Marxist dependency theory tradition discussed earlier, from the standpoint of the critique of political economy, those asymmetrical international political relations, without being 'empirically or factually' false, actually constitute the *phenomenal forms* of uneven development on a global scale but not its *foundation* (Marini 2022, 125–26). However, and here we part company with those authors, we think that the essential economic content of global uneven development does not reside in the 'unequal exchange' between the respective national total social capitals of centre and periphery (Dussel), or in a process 'led' by the production of relative surplus value in advanced countries to which 'dependent countries' must reactively adapt through particular forms of capitalist development centred on the SE of the working class (Marini).

In our view, the most general economic content which structures the inner global unity of the world market, whose movement takes outward concrete form through the uneven differentiation of national spaces, is the *production of relative surplus value by the global total social capital on a planetary scale*.¹⁰ This eminently unconscious and crisis-ridden social process gives rise to historically-changing constellations of the international division of labour and, as a consequence, to qualitatively differentiated developmental potentialities for each national 'aliquot part' that mediates this social process across the globe. On the other hand, out of this spatial self-specification of the generic potentialities of global surplus value production, varied accumulation capacities do emerge for the diverse concrete modalities it assumes in each national space for the valorisation of capital. More concretely, it limits the specific potentialities of certain national total social capitals to act as immediate active bearers of the development of the productive powers of social labour. In this sense, the respective international geopolitical relations on the world market do not simply take antagonistic forms but become mediated by a stratified interstate system. Nevertheless, however unequal the force carried by each national total social capital in their mutual confrontation in the international arena, the general underlying content of their formally autonomous action when economically and geopolitically competing on the world market, does not revolve around the satisfaction of the interests of 'imperialist powers' or 'core countries' at the expense of 'peripheral or dependent nations'. Rather, it consists of giving

course to the production of relative surplus value by the total social capital in its immanent global unity. The latter is, in sum, the essential social determination that is realised in the political form of state policies (domestic and foreign), competitive strategies of individual capitals and class conflict *in all countries*, albeit ‘behind the backs’ of the antagonistic actions of the personifications involved (that is, social classes and their diverse political organisations, political elites, and/or state managers).

The immanent unity between economic content and political form of the specificity of Latin American societies¹¹

Now, as is recognised by virtually all accounts of the history of capitalist development in Latin America, the original subsumption of these territories to the global accumulation of capital was based on the production of agricultural and/or mining commodities for the world market.¹² As Marx remarks in *Capital*, the establishment of this ‘classic’ modality of the international division of labour (that he labels ‘new’), which ‘converts one part of the globe into a chiefly agricultural field of production for supplying the other part, which remains a pre-eminently industrial field’ (Marx 1976, 580), was determined by the production of relative surplus through the system of machinery of large-scale industry.

In effect, the exceptional natural conditions prevailing in many of these territories allowed for a greater productivity of agricultural or mining labour, thereby resulting in the cheapening of means of subsistence and a lower value of labour-power. However, this form of subsumption of Latin American territories into the global circuits of accumulation was ridden with a contradiction: if, on the one hand, the total social capital enhanced its valorisation by reducing the value of labour-power, on the other this was partly offset by the drain of surplus value, otherwise available for capital’s appropriation, flowing into the pockets of domestic landowners in the form of ground-rent. Moreover, to the extent that primary commodities produced in the region have been exported and consumed overseas, ground-rent has constituted a continuous *extraordinary* international *inflow* of social wealth (as opposed to the aforementioned *normal outflows* in the process of *equalisation* of the worldwide rate of profit overly emphasised by ‘dependentistas’).

Capital was thus driven to overcome this barrier to its accumulation capacity by reshaping those spaces of valorisation in order to recover part of that surplus value, through the establishment of an ‘antagonistic association’ with local landowners over the appropriation of ground-rent. From being simply a source of cheap raw materials and means of subsistence, those territories became also determined as sources of ground-rent recovery for global industrial capital. The developmental trajectory of these countries has been determined by the historical course of this modality of capital accumulation, not only throughout the so-called agro-export stage but also during the so-called Import Substituting Industrialisation (ISI) phase and, in South America, until contemporary times (Iñigo Carrera 2016, 34–47).

As argued in Caligaris (2016, 66), insofar as ‘the political representation of the global total social capital by the state is mediated by the national form taken by the

accumulation process' the total social capital's recovery of ground-rent 'must take shape, first of all, in the appropriation of ground-rent by the national total social capital of "resource-rich" countries through its own national state'. This political mediation has been necessary to block the 'spontaneous' course of ground-rent towards landowners through a wide array of state policies that intervene in the circulation of ground-rent-bearing commodities and divert its flow towards industrial capital. Thus, the transfer of ground-rent has been achieved through different policy mechanisms (overvalued exchange rates, export and import taxes, direct state regulation of staple food and raw material prices, etc.), which resulted in the establishment of specific domestic conditions for the circulation of capital within those national territories.¹³ Consequently, its appropriation could only be done by industrial capitals operating within those countries and whose circuit realised its final phase (i.e., the sale of commodities) almost exclusively on protected domestic markets of a very limited size *vis-à-vis* world market norms (Grinberg and Starosta 2009, 769). Although this has meant that individual capitals could not reach the scale needed for profitably utilising advanced technologies, they have compensated for the resulting higher production costs by appropriating a portion of ground-rent. In this way, they have valorised at the average rate of profit despite their restricted magnitude and backward technologies. This abundant extraordinary mass of social wealth has systematically complemented the surplus value extracted from the domestic working class to the point of marking the very specificity of the accumulation process in those national spaces.

The modality of the accumulation of capital based on the appropriation of ground-rent in Latin American protected markets has been attractive for domestic capitals that, with the exception of those producing ground-rent-bearing commodities, were not competitive enough to sustain their expanded reproduction by producing for the world market. But additionally, and fundamentally, those markets have proved especially profitable for industrial capitals of foreign origin (i.e., TNCs), which were established there from the mid-to-late-1950s onward. Unlike the internationalisation strategy of TNCs in East Asia (the establishment of 'world market' factories, whether directly or through Original Equipment Manufacturer [OEM] arrangements), foreign capitals in Latin America operated on the smaller scale that those domestic markets required and, given their protected nature, actually made possible. In this way, TNCs in Latin America managed to valorise obsolete fixed capital and accumulate without spending a portion of surplus value in the active development of the productive forces of social labour. However, the other side of this same coin is that the scale of Latin American processes of capital accumulation continued to be structurally dependent on the highly cyclical evolution of the magnitude of ground-rent available for appropriation (hence the widespread 'political and institutional instability' that has historically characterised most Latin American countries, with sharp oscillations between nationalistic populist and/or developmentalist regimes and neo-liberal ones).

This also explains the noticeable lack of dynamism of capital accumulation in the region since the mid- to late 1970s, which was momentarily and only partially reversed during the 'primary commodities boom' of the past decade that came to

an end about five years ago (politically expressed in the corresponding shift to the right in, for instance, Argentina, Brazil, and Chile after 2015)¹⁴: in effect, the mass of ground-rent, especially of agrarian origin, has been, on average, growing at a slower pace than is required by industrial capital in Latin American national spaces of accumulation. As a consequence, the process of capital accumulation in the Latin American countries slowed down or entered into a deep crisis. In this context, and in order to compensate for the slowly growing ground-rent in sustaining industrial capital's profitability, these national processes of capital accumulation have resorted to other sources of extraordinary social wealth, such as the payment of labour-power below its value and the massive inflow of global fictitious capital in the form of mounting foreign debts (the latter made available as a result of the expansion of international liquidity deriving from the long-standing crisis of global overproduction).

Now, since at least the late 1950s, the planetary production of relative surplus value by the total social capital has led to the emergence and gradual development and expansion of a novel configuration of the international division of labour, which has not simply displaced but co-exists alongside the 'classic' modality just sketched out. Premised on the concrete material forms taken by the further automation of the capitalist labour process and advances in means of transport and communication, the so-called New International Division of Labour (NIDL) has revolved around the *international fragmentation of the collective productive subjectivity of the working class* (Fröbel et al. 1980; Iñigo Carrera 2013, 53ff.; Starosta 2016b). Moreover, as a result of its own immanent tendencies, the simplest original form of the NIDL has evolved into a more complex constellation, whereby capital searches worldwide for the most profitable combinations of relative cost and qualities/disciplines resulting from the variegated past histories of the different national fragments of the working class. Each national sphere of accumulation that actively participates in the NIDL, therefore, tends to concentrate on a certain type of labour-power of distinctive 'material and moral' productive attributes of a determinate complexity. Whilst spatially dispersed from each other, they are all collectively exploited by capital as a whole in the least costly possible manner.¹⁵

Although this more recent global restructuring of the international division of labour had its most emblematic expression in the 'late industrialisation' experience of East Asia since the 1960s (Grinberg 2016), it also had a profound impact in Latin America; paradigmatically in Mexico after the 'debt crisis' of the early 1980s and more recently in Central America and the Caribbean Basin. Thus, despite the similar developmental trajectory of Mexico *vis-à-vis* Argentina and Brazil until the 1980s, in the past three decades, the former country has transformed the specificity of its capital accumulation process. More concretely, it has become a source of relatively cheap and disciplined simple labour-power for industrial capital in general, which exploits it in the material conditions (of scale and technology) needed for competitive world market production (whether directly in Mexico through the *maquilas* regime, or mediately through the international migration of workers into the United States). Hence the contrast with Argentina and Brazil, where capital continued to find it more profitable to valorise on the basis of the

appropriation of a portion of ground-rent: this happened either because the specific kind of labour-power it needed was not there or was not cheap enough and/or because the mass of ground-rent was large enough to offset the benefits of a 'structural transformation' in the other direction by providing the source of extraordinary social wealth sustaining those profitable protected domestic markets.

Conclusion

In this chapter, we offered a critical examination of the Marxist dependency theory which centred on two main issues. On the one hand, we called into question the autonomy they more or less explicitly assign to political forms of social relations *vis-à-vis* their immanent economic content (especially in the case of Dussel). On the other, we challenged their inability, despite their best efforts, to transcend all traces of 'methodological nationalism' in their understanding of the global process of uneven development.

To transcend these shortcomings, we offered an alternative approach based on the methodologically-minded reading of the Marxian critique of political economy that we have been unfolding throughout this book. More concretely, we argued that it is necessary to leave behind the aforementioned two-fold notion of autonomy that implicitly or explicitly informs those perspectives. And this means taking the *immanent unity* of the capitalist world market as the starting point of the investigation and, as a consequence, grasping the changing patterns of national or regional differentiation as concrete forms that mediate the unfolding of the contradictory dynamics of the essentially global production of relative surplus value by the total social capital. In turn, the specific political forms prevailing in each country prove to be expressions of the movement of the economic forms taken by global capital accumulation in each national space of valorisation. In our view, these two insights are grounded in one of the most potent scientific discoveries of Marx's critique of political economy, namely, that capital is neither simply a thing (for example, the instruments of production), nor a productive unit or legal entity (such as a firm), nor a social grouping sharing common characteristics and interests (for instance, 'business' or 'the bourgeoisie'). In its general determination as self-valorising value, capital becomes 'the all-dominating economic power of bourgeois society' (Marx 1973, 107), whose 'substratum' is the 'world market [...] in which production is posited as a totality together with all of its moments' (227).

Notes

- 1 This section partly draws on a Spanish version in Starosta and Steimberg (2019).
- 2 Elsewhere in his work, Marini offers a different formulation of the grounds of SE as the specific form of surplus value extraction in the periphery. See Córdoba and Kozłowski (2017). According to this novel angle on the question, the surge in the demand for food and raw materials up to 1870 propelled an increase in the intensive and extensive productive consumption of labour-power in Latin America to meet that greater demand. As a result, there was a rise in the mass of value produced in the periphery and,

more concretely, an improvement in the terms of trade for Latin America. But these favourable conditions of profitability in dependent countries unleashed an inflow of capital investment, which in turn led to a rising organic composition of capital, a higher productivity of labour, and a fall in the value of domestically produced commodities. Moreover, this process entailed a fall in the rate of profit. It is in this context, according to Marini's new argument, that SE developed as an adaptive response to the fall in profitability in Latin America.

- 3 Strictly speaking, Marini later qualifies this statement and puts into relief the interweaving of SE and the development of the productivity of labour. In other words, as Marini (2022, 164) himself clarifies in the *Postscript* to the *Dialectics of Dependency*, it is not a matter of two mutually exclusive forms of exploitation but of the 'greater or lesser occurrence of the forms of exploitation and their specific configuration they assume'. The characteristic feature of the periphery is therefore not the complete or absolute prevalence of SE but its relative dominance, which nonetheless reaches the point of marking the qualitative specificity of capital accumulation in the region.
- 4 Osorio, who probably is one of the leading contemporary scholars within the Marxist tradition of dependency theory inaugurated by Marini, adds that the resulting lower wages act as a barrier for the introduction of scientific and technical innovations. The reason for this is that the potential savings in paid living labour do not make up for the increase in constant capital entailed by such displacement of living labour. See Osorio (2017, 49). In this way, capital in the periphery does not immediately face the need to substitute dead for living labour.
- 5 See Chapter 9 of this book. As recognised by contemporary scholars, who are otherwise broadly sympathetic to dependency theory (Katz 2019), Marini in particular completely overlooks the role that ground-rent might play in the determination of the specificity of capital accumulation in Latin America. More recently, some of his disciples have attempted to consider this role (Osorio 2017). However, as Iñigo Carrera (2019) notes, Osorio's arguments rest on weak foundations in his understanding of the general determinations of ground-rent as a capitalist social form.
- 6 See Chapter 5 of this book for a fuller discussion of this.
- 7 In addition, note that this presupposes the absurd idea that the condition for capital to produce surplus value would be that it *relinquished* part of that mass of objectified unpaid labour-time that it extracts from the working class through their exploitation. But this could only occur under the extremely specific circumstances that the resulting multiplication of the scale of production led to such a fall in the value of 'wage-goods', that it redounded in an increment of surplus value. It goes without saying that it is highly unlikely that a process like this systematically took place in the concrete history of capital accumulation in 'central countries'.
- 8 Strictly speaking, we have seen that Dussel also mentions those transfers of surplus value derived from national differences in wages. However, in a similar vein to SE more generally, he considers that those other transfers are somehow secondary or derivative *vis-à-vis* the fundamental one based on differences in the organic composition of capital. Be that as it may, for a critique of explanations of unequal exchange based on the relative cheapness of labour-power in certain national spheres of valorisation, see Iñigo Carrera (2013, 171; 2017, 217–23).
- 9 For a contemporary contrasting view, which attempts to reassert the essentiality of the notion of imperialism, see Milios and Sotiropoulos (2009).
- 10 For a similar argument from a different perspective, see Burnham (1994) and Howe (1981).
- 11 This section draws on Starosta (2019).
- 12 Notably in the original colonial forms of subsumption, the production of the money-commodity would be a key determining element in the specificity of the valorisation of capital in the region.

- 13 See Iñigo Carrera (2007) and Caligaris (2016) for a detailed account of those policies and their role in transferring ground-rent to industrial capital (and the former bibliographical source, in particular, for statistical evidence supporting this argument for the case of Argentina).
- 14 For the so-called Pink Tide in South America, see Grinberg and Starosta (2014) for Argentina and Brazil, and Purcell (2016) and Dachevsky and Kornblihtt (2016) for Ecuador and Venezuela.
- 15 Note, additionally, that this point applies to intellectual labour as well (Huws 2014).

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